

THE DEPARTMENT OF STATE BULLETIN

VOL. XII, NO. 310

JUNE 3, 1945

In this issue

REPORT ON THE SAN FRANCISCO CONFERENCE

Address by the Secretary of State

FORMOSA

By Eugene H. Dooman, Hugh Borton, and Cabot Coville

LIMITATION OF THE PRODUCTION OF OPIUM: EXCHANGE OF NOTES BETWEEN THE GOVERNMENTS OF THE UNITED STATES AND CHINA

*For complete contents
see inside cover*



THE DEPARTMENT OF STATE

BULLETIN

VOL. XII • No. 310



PUBLICATION 2340

June 3, 1945

The Department of State BULLETIN, a weekly publication compiled and edited in the Division of Research and Publication, Office of Public Affairs, provides the public and interested agencies of the Government with information on developments in the field of foreign relations and on the work of the Department of State and the Foreign Service. The BULLETIN includes press releases on foreign policy issued by the White House and the Department, and statements and addresses made by the President and by the Secretary of State and other officers of the Department, as well as special articles on various phases of international affairs and the functions of the Department. Information concerning treaties and international agreements to which the United States is or may become a party and treaties of general international interest is included.

Publications of the Department, cumulative lists of which are published at the end of each quarter, as well as legislative material in the field of international relations, are listed currently.

The BULLETIN, published with the approval of the Director of the Bureau of the Budget, is for sale by the Superintendent of Documents, United States Government Printing Office, Washington 25, D. C., to whom all purchase orders, with accompanying remittance, should be sent. The subscription price is \$3.50 a year; a single copy is 10 cents.

Contents

EUROPE	Page
Policy Toward New Government in Italy. Statement by Acting Secretary Grew	1006
Displaced Persons in Germany: Present Operations	1014
Protection of Bulgarian Political Leader. Statement by Acting Secretary Grew	1023
FAR EAST	
Formosa. By Eugene H. Dooman, Hugh Borton, and Cabot Coville	1018
Limitation of the Production of Opium: Exchange of Notes Between the Governments of the United States and China	1031
Concerning the Sinking of the "Awa Maru": Exchange of Communications Between the Governments of Japan and the United States	1033
NEAR EAST	
Recent Developments in Syria and Lebanon. Note From the United States Government to the Provisional Government of France	1013
Ceremony in Honor of the Regent of Iraq: Address by William Phillips	1036
Visit of the Regent of Iraq	1037
ECONOMIC AFFAIRS	
Renewal of Trade Agreements Act. Statement by Assistant Secretary Clayton	1024
Annual Report of Alien Property Custodian: Letter of Transmittal From the Alien Property Custodian to the President	1028
Letter of Transmittal to the Congress From the President	1029
GENERAL	
United States - Soviet Friendship Rally. Message From the President	1017
Repatriation of Italian, Greek, and American Nationals . .	1035
POST-WAR MATTERS	
"The job ahead for this Nation is clear." Message of the President to the Congress	999
United Nations Conference on International Organization: Report on the San Francisco Conference. Address by the Secretary of State	1007
TREATY INFORMATION	
Aviation Agreements. Brazil	1006
Financial Agreement. France - United Kingdom	1016
Merchant-Shipping Agreement. New Zealand, South Africa	1017
Military - Mission Agreement. El Salvador	1030
UNRRA Sanitary Conventions of 1944	1038
THE DEPARTMENT	
Appointment of Officers	1017
THE FOREIGN SERVICE	
Mission at Copenhagen	1032
Consulate General at Genoa	1032
Consulate at Milan	1032
PUBLICATIONS	1039
Publication of the Pan American Union	1935
THE CONGRESS	1039

JUL 6 '45

"The job ahead for this Nation is clear"

MESSAGE OF THE PRESIDENT TO THE CONGRESS¹

[Released to the press by the White House June 1]

TO THE CONGRESS OF THE UNITED STATES: The primary task facing the Nation today is to win the war in Japan—to win it completely and to win it as quickly as possible. For every day by which it is shortened means a saving of American lives.

No one can recount the success of the forces of decency in this war without thinking of the one man who was more responsible for victory than any other single human being—Franklin D. Roosevelt.

Under his guidance, this great Nation grew to be the most powerful military force in all history.

Under his leadership, the Allied strategy was developed which broke down Hitler's fortress, crumbled Germany itself into ruins and unconditional surrender, and has brought us within striking distance of Tokyo.

But there can be no peace in the world until the military power of Japan is destroyed—with the same completeness as was the power of the European dictators.

To do that, we are now engaged in a process of deploying millions of our armed forces against Japan in a mass movement of troops and supplies and weapons over 14,000 miles—a military and naval feat unequalled in all history.

I think it appropriate at this time to inform the Congress and my countrymen of some of the problems, difficulties, and dangers which confront us in finishing this war—and how we expect to meet them.

Those who have the heavy responsibility of directing the Nation's military efforts do not underestimate the difficulties of crushing an enemy defended by vast distances and animated by desperate fanaticism.

And yet, we have adopted what is a new development in military history. In the face of a conflict with a numerous and fanatical enemy we have undertaken during the next twelve months to discharge approximately 2,000,000 of the best soldiers the world has ever seen.

The program for the defeat of Germany was accomplished with an accuracy seldom attained in

war—yet we had but little margin at the finish. On April 1, 1945 the last American division to arrive in France entered the battle line.

The strategy of the war in Europe was to have all the men that could be effectively deployed on land and sea to crush the German military machine in the shortest possible time.

That is exactly what we plan to do to Japan.

Up to the time of the collapse of Germany the United States Navy, under the superb leadership of Fleet Admiral King, was carrying on two great campaigns thousands of miles apart from each other—one in the Atlantic and one in the Pacific.

These campaigns were distinctly different. The Atlantic campaign consisted essentially of anti-submarine and amphibious operations. Even as the war nears the end, our Navy had to cope with a submarine blitz which was intended to hit our coast in April.

The Pacific campaign has involved to a major degree all the surface, air, amphibious, and submarine aspect of Naval warfare; but anti-submarine operations have played only a subordinate role.

At one time in 1943 the United States Navy was employing over 1,100 planes in its anti-submarine warfare in the Atlantic, and, in mid-1944, over 900 ocean-going escort vessels.

All of our escort vessels have been, or will be, sent to the Pacific, except for a very few to be retained in the Atlantic for training purpose or to meet any remotely possible emergency.

Our Navy, in addition to the miraculous job of convoying our endless stream of men and materials to Europe, did its full share, under over-all British naval command, in amphibious operations in that theater. The use of its landing craft and carriers, and the fire support of its battleships, cruisers, and destroyers, made possible the landings in North Africa in 1942, in Sicily and Italy in 1943, and in Normandy and southern France in 1944.

¹ Read before the Senate and the House of Representatives on June 1, 1945; published as H. Doc. 213, 79th Cong.

Even before the invasion of France, some of our Atlantic naval force had already been sent to the Pacific. After our troops were firmly established ashore, fighting ships were moved to the Pacific as rapidly as they could be released from the requirements of the European and Mediterranean theaters and from anti-submarine warfare. The Japanese have already felt the presence of those ships—and will continue to feel it more and more.

In the Pacific the naval campaign has gone through four major phases.

The first was the defensive of 1941 and of the first half of 1942, when we fought in the Philippines and the East Indies, in the Coral Sea, at Midway, and in the Aleutians.

The second was the offensive-defensive in late 1942 at Guadalcanal.

The third was the limited offensive in 1943 when we advanced slowly through the Solomons and retook the Aleutians.

The fourth was the full offensive of 1944 and 1945 when the forces of the southwest Pacific area under General of the Army MacArthur and those of the central Pacific area under Fleet Admiral Nimitz made their great seaborne sweeps to the Philippines and Okinawa.

During this time the Navy has fought four full-scale sea battles: the Coral Sea, Midway, the Philippine Sea last summer off Saipan, and the three-pronged battle for Leyte Gulf last October.

The Japanese surface Navy has now been reduced to a fraction of its former self. We have driven their ships into hiding and their naval aircraft back to their shore bases.

A large part of this success is due to our present carrier-based air power, which has permitted us to carry forward, for many hundreds of miles at a time, the air cover that is needed for a successful amphibious attack. The carriers that made possible these enormous strides were laid down in 1940—a year and a half before we entered the war. Had they not been started then, our fast advances in the Pacific could not have occurred until much later.

The Japanese merchant marine, in spite of a large program of building, has now been reduced to less than a quarter of its pre-war size. In fact we have sunk more Japanese merchant-tonnage than they had at the time of Pearl Harbor.

For this and for the reduction of the Japanese Navy, we can thank our submarines, our Army and

Navy shore-based aircraft, and our fast carrier task forces. Today, no enemy ship can proceed between Japan and her southern conquests without running the most serious risk.

The outstanding feature of the Pacific war—the one which sets it apart from all previous wars—has been the number of the amphibious operations.

We have constructed a great fleet of special vessels for this purpose: attack transports, attack cargo ships, landing ships and landing craft. These ships make it possible to put troops and equipment ashore on open beaches in the minimum of time.

The Navy has a great share in every amphibious attack. For instance, one attack which involved landing 45,000 troops required the use of 125,000 naval personnel. In general it may be said it takes two to three sailors to put one soldier or Marine ashore. It takes half a million tons of naval shipping for each division in an amphibious operation.

The Navy is now engaged in a series of grim tasks: a battle of attrition with the Japanese Air Force in the waters around Japan and Okinawa; a tightening of the blockade of Japan; redeploying its own forces from Europe; aiding the Army to redeploy; and preparing for the climactic operations yet to come.

As we approach the enemy's homeland, the density of his air power naturally becomes greater and greater. A year and a half ago, the enemy had more than 5,000 operating airplanes to guard perhaps 18 million square miles of area. We could attack wherever we saw that the defense was thinly spread. Since then, we have reduced his total air power very much, but the area he is now forced to defend has been shrunk so much more quickly by our rapid advance that the density of his air power is four or five times as great as it was.

This means tough fighting in the air. It means the loss of ships. It means damaged ships that must be replaced or brought back thousands of miles for repair.

We at home can hardly imagine either the delirium of Japanese suicide attacks on our troops, airfields, and ships, or the heroism of our men in meeting them. As we approach the main islands of the enemy the damage to our ships and the loss of our men are becoming more severe. In the future we shall have to expect more damage rather than less.

In carrying out its future tasks the Navy will need not only all of its present great fleets, it will need additional vessels. These vessels are now being built—partly to replace anticipated losses in future operations and partly to reinforce the fleet for the final operations it will have to conduct in enemy home waters.

The Navy is deploying all but a handful of its men from Europe to the Pacific. But unlike the Army, the Navy, after the collapse of Germany, did not have a surplus of personnel. There can not be even a partial naval demobilization—until the Japanese are defeated.

The Navy still needs civilian laborers, particularly in the yards where ships are repaired. Working continuously under the concentrated air effort of the enemy, the fleet suffers daily damage. Many vessels have come back wounded in varying degree. To tell the number would give information to the enemy, but the number is substantial. The Navy must get these ships back into the fight with the least possible delay.

We have in our Navy yards the machinery and mechanical equipment to deal with the mounting load of battle damage. But civilian workers are needed now in ever-increasing numbers. I know that the patriotic workers of the Nation will rally to the aid of the Navy in this emergency as they have rallied in past emergencies. For they know that every day saved in getting a damaged ship back into service shortens the war and saves American lives.

In the air, we have shown what America can do with land-based planes and with carrier-based planes—in strategic bombing and in tactical bombing.

We are now able in Germany to investigate and examine the results of our strategic bombing. In spite of the most desperate resistance of the Luftwaffe and in spite of murderous barrages from anti-aircraft guns, the American and British air forces smashed at German industry day after day and night after night until its support of the German armies caved in.

Our strategic bombardment did a complete and masterly job of destroying the sources of strength of the German air force and the German military machine. Our bombers dried up the flow of vital oil and gasoline supplies not only to the German air force but to the rest of the German Army and to German industry as well.

We have had experience too—deadly experience for the Nazis—with our tactical air forces as distinguished from strategic bombing. They wrecked the bridges and roads, the railroads and canals on which the German Army counted. Germany's best panzer divisions—entire army corps, in fact—were immobilized.

The air force of Japan is not as strong an opponent as the Luftwaffe. Japanese industry is neither as great nor as scattered as Germany's. The planes we are using and will continue to use against Japan will be larger in size and more powerful in action than our bombers in Europe.

Our Army planes and our Navy ships and planes are now driving Japan out of the air, and when our strategic air force reaches the Pacific in full might it will demolish the enemy's resources of production. Our strategic bombardment of Japan is now well beyond its initial phase. The missions of the Twentieth Air Force are mounting in size and intensity. Substantial portions of Japan's key industrial centers have been leveled to the ground in a series of record incendiary raids. What has already happened to Tokyo will happen to every Japanese city whose industries feed the Japanese war machine. I urge Japanese civilians to leave those cities if they wish to save their lives.

Our tactical air forces, experienced and battle-wise, will soon be ranging over the Japanese homeland from nearby bases.

The Japanese air force will be shattered by our Army and Navy fliers as surely and relentlessly as the Luftwaffe. The concentration of Japanese industry, so long an advantage, will now contribute materially to Japan's downfall.

The Army Air Forces began its redeployment last December when a heavy-bomber group returned to this country from Europe, and received B-29 training before moving to the Pacific. The following month a B-25 medium-bomber group came to this country and proceeded, after training, to fly A-26 attack bombers against the Japanese.

During the last month 20 bombardment groups have received orders to move from Europe to the Far East by way of the United States.

Our ground armies, our corps, and our divisions have followed the best traditions of the American soldier for courage and skill; and their leadership has been of the uniformly high quality which results in victory.

The United States has been fortunate in having as the Chief of Staff to the Commander in Chief

of the Army and Navy a man of so great experience and ability as Fleet Admiral Leahy.

We have also been fortunate in having at the head of our land and air forces men like General Marshall, General Eisenhower, General MacArthur, and General Arnold. They have provided the inspiration and the leadership for all our Army operations.

The American soldier of this war is as brave and as magnificent as the American soldier has always been. He has the initiative and ingenuity he has always had. But in this war he is a better soldier and a more successful soldier than he has ever been before. For in this war he has gone into battle better trained, better equipped, and better led than ever before.

In the face of the formidable Nazi hordes which had secured a stranglehold on western Europe, our armies, shoulder to shoulder with those of our Allies, forced a landing on the shores of France. In the short space of 11 months they drove the enemy from France, Belgium, Luxembourg, and Holland and forced him to unconditional surrender in the heart of his own homeland.

To the south our troops and those of the Allies wrested North Africa from the Axis, fought a dogged advance through Italy from Sicily to the Alps, and pinned down a force that otherwise could have brought substantial aid to the enemy on the eastern and western fronts.

The heroism of our own troops in Europe was matched by that of the armed forces of the nations that fought by our side. They and the brave men in the underground movements of the occupied countries—all gave their blood to wipe the Nazi terror from the face of the earth. They absorbed the blows of the German military machine during the many months in which we were building up our expeditionary forces, and they shared to the full in the ultimate destruction of the enemy.

The same courage and skill which brought about the downfall of the Nazis are being displayed by our soldiers now fighting in the Pacific. Many of them are veterans of the grim months following Pearl Harbor.

Since 1942 our Army troops and Marines in the south Pacific have thrown the enemy back from his furthestmost advances in New Guinea and the Solomons, have traveled 1,500 miles up the New Guinea coastline, have conquered the Admiralty

Islands, Biak, and Morotai. Meanwhile, Marines and Army troops have been cleaning up in the Solomons and the Palaus. In October of last year these magnificent achievements culminated in the landing of our troops in Leyte. Four months later they freed Manila.

Westward across the central Pacific other Marines and Army units, in hard-fought battles, have forced the Japanese back four thousand miles. Tarawa, Kwajalein, Saipan, Guam, Iwo Jima have been the stepping-stones. Today Army and Marine divisions are slowly but steadily sweeping the Japanese from Okinawa.

All of our campaigns in Europe and in the Pacific have depended on long lines of communications and upon quantities of supply unheard of in prior warfare. One of the marvels of Allied achievements has been the organization, guarding, and operation of these world-girdling supply lines.

For this we have to thank management and labor in our war industries, our farmers and miners and other Americans—who produced the equipment and supplies for ourselves and our Allies; the gallant members of our Merchant Marine—who transported them overseas under the guns of our Navy; and the men of our Army Service Forces—upon whose work in clearing ports, rushing up supplies, and constructing roads, railroads, bridges, highways, and gasoline pipe-lines the fate of battle often depended.

There are also included in our experience in this war miracles of saving human life as well as miracles of destruction of the enemy. Since the invasion of Africa in November 1942, in all our operations in Europe and in Africa we have lost about 1,600 soldiers from sickness. In the Civil War the Union forces, never more than a third as large as our forces in Europe, had 224,000 deaths from sickness. In the three years since April 1942 the Army forces in the disease-infected islands of the Pacific lost fewer than 1,400 men from sickness.

Surgery in this war has reduced the percentage of death from wounds in the Army from 8.25 percent in the last war to 4 percent in this one. This is due to many factors: the high professional skill of the surgeons and nurses, the availability of blood and blood plasma, penicillin, and other new miracles of medicine; the devotion of the Medical Corps men who rescue the wounded under fire, the advanced position of surgical staffs right up behind the front lines.

Shifting our ground and air strength from Europe to the Far East presents transportation problems even greater and more complicated than those involved in the initial deployment of our forces to all parts of the world. Millions of men and millions of tons of supplies must be moved half-way around the globe.

The movement of troops from Europe has been swift in getting under way. They are coming by ship and they are coming by air. Every day the process of transfer gains momentum.

After the first World War—when the only problem was getting men home and there was no bitter, powerful enemy left to fight—it took nearly a year to complete the evacuation of 1,933,156 men. This time the Army Transportation Corps and the Air Transport Command plan to move 3,000,000 troops out of Europe before a year passes.

It is not easy to visualize the volume of supplies that must precede, accompany, and follow the soldiers going from Europe and the United States into the Pacific. To maintain our forces in Europe the Army shipped across the Atlantic 68 million tons of equipment and food—nearly eight times the total shipped in all the first World War.

Now we must reclaim all of this equipment that is still serviceable. We must supplement it with new production. And we must make shipments of comparable size to the Pacific over supply lanes which are three times as long as those to Europe.

The initial requirement of equipment for each man fighting against Japan is about six tons, and an additional ton is needed each month for maintenance.

Finding the ships to transport these supplies is not the only difficulty. We must continue to develop in the Pacific new harbors and bases out of practically nothing, install roads, and build power systems.

Great as these problems of redeployment are, we are not losing sight of the human aspect in shifting men from one side of the world to the other. Wherever it can be done without slowing down the pace of our projected operations in the Pacific, we are deploying our soldiers by way of the United States so that they may have a chance to visit their homes and loved ones before they go on to tackle the Japanese.

On the basis of present estimates, only a small fraction of the men now in Europe will have to go

directly to the Far East without first stopping off at home.

The remainder of our present European force will go to the Pacific through the United States, will be assigned to necessary military duties in this country, will be discharged, or will be kept in Europe for occupation duty. Most of those who will go directly to the Pacific are in supply and service units whose presence in the new theater is essential to the immediate construction of harbors, bases, communications, and airfields—from which to step up our blows against Japan.

The Army is mindful that those who come through this country want to get home with the least possible delay once their ship docks or their plane lands. Everything is geared for speed to accomplish this at the air and sea ports. Within 24 hours in most cases they are aboard a train at Government expense bound for one of the 19 Army Personnel Centers, where the men immediately eligible for discharge are separated from those who are destined for further service.

Men who are to remain on active duty are promptly "ordered" home from the Personnel Center at Government expense, for a period up to 30 days, plus travel time, for rest and recuperation.

The period spent at home is not charged against the man's furlough time nor is it classed as leave of absence. It is "temporary duty", and the soldier draws full pay for the period. His only instructions are to have the best time he knows how until he reports back to the Personnel Center. That is what I mean when I say that we have not forgotten the human side of redeployment.

Relatives and friends of servicemen can do their part in this program by not crowding around the ports and Personnel Centers through which the men pass. The men will get home as soon as is humanly possible. Troop movements on the Nation's railroads will become increasingly heavy from now on. I ask for full public cooperation in preventing any aggravation of this burden on domestic transportation, for it would slow down the rate at which soldiers can be reunited with their loved ones.

At the same time as we step up the movement of men and munitions to the Far East, we have been exerting every effort to increase the number of ships available to return men to this country for discharge.

Three hundred and sixteen cargo ships are being converted to help soldiers get out of Europe faster.

They are not the most luxurious ships ever seen, but they will get the men home. In addition, the British are letting us use their three proudest passenger liners—the Queen Elizabeth, the Queen Mary, and the Aquitania.

These, added to 50 of our own transport vessels, 800 bombers and transport planes, and such ships as we are able to use out of the German merchant fleet, will make it possible to bring men home for discharge without interfering with the main job of transferring troops and equipment to the war against Japan.

The Army's system for selecting the soldiers for release to civilian life represents a democratic and fair approach to this most difficult problem. A poll was taken among enlisted men in all parts of the world. They were asked what factors they believed should be taken into consideration in deciding who should be released from the Army first. More than 90 percent said that preference should go to those who had been overseas and in combat longest, and to those with children.

The Army spent two years developing a program of point credits designed to carry out these views expressed by the soldiers. It checked and rechecked its program and made comprehensive surveys in order to make sure that the plan would achieve the objectives.

The system applies equally to the members of our Army in all parts of the world. It embodies the principle of impartial selection that we applied in drafting our citizen Army and that we shall continue to apply in meeting the manpower requirements of our armed forces until Japan is defeated.

By reducing the strength of the Army from 8,300,000 to 6,968,000 and by maintaining the Army calls on Selective Service at a level substantially higher than requirements for actual replacements, it will be possible to restore to their homes during the next year a total of 2,000,000 officers and men, including those who will leave because of wounds, sickness, age, and other specific causes, as well as those who will leave under the point system.

To accomplish this while continuing to be liberal in the deferment of men 30 years of age and over, it is the Administration's policy to induct all non-veterans under 30 years of age who can be replaced and who can qualify for the armed forces. Many of such men who have thus far been

irreplaceable will become available for induction when the plants in which they are working are cut back or when they can be replaced from time to time by cut-back - production workers and returning veterans.

In the three weeks since the point system became effective 2,500 officers and 33,000 enlisted men and women from every theater of war have received final discharge papers at Army Separation Centers. During June, 50,000 high-score men are scheduled to leave Europe for this country, and 33,000 are scheduled to come from the Pacific and Asia. The great majority of these, a few days after they arrive, will be civilians again.

Let no one be under the delusion that these discharges are being authorized because the war is nearing an end or because we feel the Japanese are easy to beat. They are being made because our military leaders believe that we can reduce the over-all strength of our Army at this time without jeopardy to our cause in the Pacific or to the lives of the men fighting there.

The Joint Chiefs of Staff, after consultation with General MacArthur and Admiral Nimitz, have decided that our Army can deliver its heaviest blows in the Pacific and win final victory most quickly with a strength which a year from now will be about 7,000,000.

By maintaining our Army at this size, we shall be able to more than double the force we now have in the Pacific and hurl against the Japanese an overseas force larger than the 3,500,000 men who united with our Allies to crush the Wehrmacht and the Luftwaffe.

These are the men who will be carrying the fight to the enemy, but obviously they cannot operate effectively unless there are adequate reserve troops in training in the United States, and also an adequate base from which our advance troops can be supplied and serviced.

It is our plan that every physically fit soldier in the United States who has not yet served overseas be assigned to foreign duty when he completes his training or, if he is fulfilling an essential administrative or service job, as soon as he can be replaced by a returning veteran. This has been the Army's policy since the beginning of the war. It will be rigidly adhered to in the redeployment period.

If it were not for the overwhelming ascendancy established by our air and fleet units, we should

have to send many more men to the Pacific than we now intend. The Japanese have more than 4,000,000 troops under arms—a force larger than the Germans were ever able to put against us on the western front. To back up this Army, they have several million additional men of military age who have not yet been called to the colors. We have not yet come up against the main strength of this Japanese military force. The Japanese Army is organized into 100 combat divisions. Its air force, despite the heavy losses it has suffered, still comprises over 3,000 combat planes. We are cutting heavily into Japanese aircraft production through our Superfortress raids, but Japan remains capable of producing planes at the rate of 1,250 to 1,500 a month.

Army casualties on Okinawa from March 18 to May 29 totaled 3,603 killed and missing and 14,661 wounded. The marines in the same period reported 1,889 dead and missing and 8,403 wounded. Navy and Coast Guard losses were 4,729 killed and missing and 4,640 wounded, an over-all total for all services of 10,221 killed and missing and 27,704 wounded. Japanese deaths were nearly six times as great as our own. On May 29 the total of Japanese killed on Okinawa was 61,066.

That is an example of the increasing toughness of this war as our troops get closer to Tokyo.

It is this kind of fighting we must be prepared for in our future campaigns. All of our experience indicates that no matter how hard we hit the enemy from the air or from the sea, the foot soldier will still have to advance against strongly entrenched and fanatical troops, through sheer grit and fighting skill, backed up by all the mechanical superiority in flamethrowers, tanks, and artillery we can put at his disposal. There is no easy way to win.

Our military policy for the defeat of Japan calls for:

(1) Pinning down the Japanese forces where they now are and keeping them divided so that they can be destroyed piece by piece.

(2) Concentrating overwhelming power on each segment which we attack.

(3) Using ships, aircraft, armor, artillery, and all other matériel in massive concentrations to gain victory with the smallest possible loss of life.

(4) Applying relentless and increasing pressure to the enemy by sea, air, and on the land, so that he cannot rest, reorganize, or regroup his battered

forces or dwindling supplies to meet our next attack.

Of course the differences between the war in Europe and the war in the Pacific will cause differences in war production. The composition of the Army will be different, as will the equipment issued to troops. There will be changes in strategic plans and in replacement factors.

Until the expanded pipe-lines for the Pacific war are filled, and until equipment arrives in substantial amounts from the European theater, war production must continue at a high rate.

The Navy program will continue on an even keel.

There has been a sharp reduction in the program of the Army Air Forces.

Similar sharp cuts in the program of supplies for our ground troops are now being put into effect. Some new items of equipment will be added. The emphasis will be shifted in others.

Thus, there will be a decreased production in heavy artillery, artillery ammunition, trucks, tanks, and small arms.

There will be increased production in aircraft bombs, atabrine, steel barges, wire and insect screening cloth, combat boots, cotton uniforms, amphibious trucks, raincoats, distillation units, radio relay units, special railway equipment, and motorized shop equipment.

In a number of important items there will be little change in demand for an indefinite period. These include food, clothing, petroleum products, lumber, and certain chemicals. It is likely that all these will remain on the critical list. Leather is tight. So are textiles. There is a shortage of cotton duck and fabrics for clothing. The food problem has been accentuated by the steadily increasing numbers the Army has been called upon to feed.

Accordingly, production for the Japanese war cannot be taken as a matter of course. It will require a high percentage of our resources.

War Production Board Chairman Krug has stated that during the balance of this year, our munitions production will run at an annual rate of \$54,000,000,000, which is almost equal to the rate of 1943, and more than nine tenths the rate during the peak of 1944.

With these production objectives before us, we must not slacken our support of the men who are now preparing for the final assault on Japan.

War production remains the paramount consideration of our national effort.

These then are our plans for bringing about the unconditional surrender of Japan. If the Japanese insist on continuing resistance beyond the point of reason, their country will suffer the same destruction as Germany. Our blows will destroy their whole modern industrial plant and organization, which they have built up during the past century and which they are now devoting to a hopeless cause.

We have no desire or intention to destroy or enslave the Japanese people. But only surrender can prevent the kind of ruin which they have seen come to Germany as a result of continued, useless resistance.

The job ahead for this Nation is clear.

We are faced with a powerful Japanese military machine. These are the same Japanese who perpetrated the infamous attack on Pearl Harbor three and one-half years ago; they are the same Japanese who ordered the death march from Bataan; they are the same Japanese who carried out the barbarous massacres in Manila.

They now know that their dreams of conquest are shattered. They no longer boast of dictating peace terms in Washington.

This does not mean, however, that the Japanese have given up hope. They are depending on America tiring of this war—becoming weary of the sacrifices it demands. They hope that our desire to see our soldiers and sailors home again and the temptation to return to the comforts and profits of peace will force us to settle for some compromise short of unconditional surrender.

They should know better.

They should realize that this Nation, now at the peak of its military strength, will not relax, will not weaken in its purpose.

We have the men, the matériel, the skill, the leadership, the fortitude to achieve total victory.

We have the Allies who will help us to achieve it. We are resolute in our determination—we will see the fight through to a complete and victorious finish.

To that end, with the help of God, we shall use every ounce of our energy and strength.

THE WHITE HOUSE

June 1, 1945

HARRY S. TRUMAN

¹ BULLETIN of Apr. 1, 1945, p. 539, and Jan. 7, 1945, p. 29.

² BULLETIN of May 6, 1945, p. 865.

Policy Toward New Government in Italy

Statement by ACTING SECRETARY GREW

[Released to the press May 31]

Our policy toward Italy has from the beginning been based on the view that Italy should be given every possible opportunity consonant with Allied military requirements to regain the respect of the world by proving that she is a democratic, cooperative, constructive element in Europe.

Since October 1943 the Italian people, their Government, and their armed forces and patriot bands have cooperated fully with the forces of the United Nations against the common enemy. Wholly united again, they will be able to cooperate effectively in the common tasks that lie ahead. In the past 20 months the Italian people have given substantial evidence of their love of freedom, attachment to democratic principles, and ability to rise above the shambles of Fascism and ruins of war.¹

All Italy is now freed of the German yoke. There is no longer a division between an enemy-held north and a free south.² The leaders of the various anti-Fascist parties throughout the country have been consulting on the formation of a new government representative of the whole country. That new government, as it comes to grips with the tremendous responsibilities facing it, will be able to give us the measure of Italian ability and determination to work together in rebuilding the country's economic and political structure and to work with the United Nations in the cause of world peace.

Aviation Agreements

[Released to the press May 31]

Brazil

Fernando Lobo, Chargé d'Affaires ad interim of Brazil, signed the Interim Agreement on International Civil Aviation and the Convention on International Civil Aviation on May 29.

The Chargé d'Affaires ad interim of Brazil informed the Acting Secretary of State by a note dated May 29 that Brazil accepts the interim agreement.

Report on the San Francisco Conference

Address by THE SECRETARY OF STATE¹

[Released to the press by the United States Delegation May 28]

The United Nations Conference on International Organization is now in its fifth week. I feel that the time has come for me, as Secretary of State and Chairman of the United States Delegation, to report to the American people and to our armed forces throughout the world on the progress we have made here in San Francisco.

You will recall that last fall, at Dumbarton Oaks, conversations between the United States, Great Britain, the Soviet Union, and China resulted in proposals for an international organization to maintain peace, which later were supplemented at the Crimea Conference.

The Dumbarton Oaks Proposals were submitted to all the United Nations, and their representatives were invited to come to San Francisco to prepare a charter based upon them.

When this Charter—or Constitution—is completed, it will be submitted for ratification to the member nations. Once the required number of member nations have ratified the Charter, the World Organization will come into being.

Gathered here in San Francisco are delegates from almost 50 nations—men and women of different races and religions, accustomed to different political forms, influenced by different geographical environments. Yet we have come together with the same great purpose in view—to form a permanent organization to preserve peace throughout the world.

After years of war, the sound of open debate in a world assembly on the issues of peace has an unaccustomed ring. But we are working for a peace which must be democratic as well as strong, and it can be developed only in the give and take of frank and vigorous discussion.

After one month of work, I can now report to you my confidence that we will succeed in writing a strong and democratic Charter solidly based on the Dumbarton Oaks Proposals with which we started.

It will be strong in the power to prevent aggression and to develop the economic and social conditions which will reduce the causes of war.

It will be democratic in the encouragement which it will give to nations and to peoples everywhere to extend the application of equal justice in the world and to promote and protect human rights and freedoms.

At the very outset of our work, we were confronted with a number of urgent problems. There was the question of seating the Byelo-Russian and Ukrainian Republics and the Argentine and the further problem of how Poland could be represented. These questions involved important issues affecting both the Conference and United States foreign policy.

At the Crimea Conference the Soviet Union directed our attention to the grievous injuries sustained by the Byelo-Russian and Ukrainian peoples in their long and gallant struggle against the common enemy, and requested that these two Republics be given membership in the proposed World Organization. President Roosevelt and Prime Minister Churchill agreed to support this request.

The United States Delegation fulfilled this pledge in the opening days of the Conference.²

The Conference also voted to admit Argentina. I wish to make clear that the vote of the United States in favor of seating Argentina did not constitute a blanket endorsement of the policies of the Argentine Government. On the contrary, with many of these policies both the Government and people of the United States have no sympathy.

We have in no way abandoned the principles for which this country has always stood. We steadfastly adhere to those principles of morality and decency which were the basis of our for-

¹ Broadcast from San Francisco over the Mutual Broadcasting System and the Blue Network of the American Broadcasting System on May 28, 1945. Mr. Stettinius is Chairman of the United States Delegation.

² BULLETIN of Apr. 20, 1945, p. 806.

foreign policy under the leadership of Franklin Roosevelt and Cordell Hull. During the war the paramount aim of our policy in this hemisphere has been to eliminate Axis penetration and unite all the Americas in the struggle against the evil forces which have attempted to destroy liberty and free institutions throughout the world.

We recognize that the people of Argentina have been traditionally democratic in their ideals and good friends of the people of the United States. The Mexico City conference last March opened the way for Argentina to return to her traditional policies and restore the unity of the Americas.

After that conference Argentina took the first steps in this direction. She declared war on the Axis and committed herself to the democratic and peaceful policies of cooperation agreed upon at Mexico City by signing the final act of that conference. As a further step in this process the American republics felt that Argentina should be admitted to the San Francisco conference.

By voting to admit Argentina in these circumstances, the United States, however, has by no means changed its position that Argentina is expected to carry out effectively all of her commitments under the Mexico City declaration. On the contrary, we consider that her admission to the San Francisco conference increases her obligation to do so. We expect the Argentine nation to see that this obligation is fulfilled.

The Soviet Union requested that Poland be represented at the Conference by the Provisional Government in Warsaw, which is not recognized by a majority of the United Nations, including the United States.³

It is a matter of deep regret to the United States that the people of Poland, who have suffered so terribly and fought so bravely during the war, are not represented in our deliberations. Poland is a United Nation, and should be here. But there are two Polish governments—the London government and the Warsaw provisional government.

Last February it was agreed at Yalta that the Provisional Government now functioning in Warsaw should be reorganized on a broader democratic basis with the inclusion of democratic leaders from Poland itself and from Poles abroad.⁴ This new Government, it was agreed, should then be called the Polish Provisional Government of

National Unity. The Yalta agreement on this matter has not yet been carried out. The United States took the position that Poland could be represented only by a Polish Government formed in accordance with that agreement, and the Warsaw provisional government was not admitted to the Conference.

The negotiations for reorganization of the Warsaw provisional government have been disappointing. It is the intention of the United States to exert all its influence, in collaboration with the Soviet Union and Great Britain, toward fulfillment of the Yalta agreement on Poland.

I wish to make it absolutely clear that the primary objective of the United States foreign policy is to continue and strengthen in the period of peace that wartime solidarity which has made possible the defeat of Germany. This is as true of our relations with the Soviet Union as it is of our relations with Great Britain, China, and France. There have been differences between us. There will continue to be differences. But the effectiveness of our wartime collaborations has demonstrated that our differences can be adjusted.

It is our purpose to seek constantly to broaden the scope of our agreement and to reach common understanding on those matters where it does not yet exist. We have the right to expect the same spirit and the same approach on the part of our great Allies.

Let me give you an example of our collaboration at the San Francisco conference.

When Mr. Molotov came to the United States, he planned to stay only a few days, because of the heavy burden of his responsibilities in Moscow. He stayed here for over two weeks.

The reason Mr. Molotov stayed longer than he had planned was this. The United States Delegation wanted to make some important changes and additions to the Dumbarton Oaks Proposals at San Francisco. The changes we had in mind reflected not only the views of the United States Delegation but those which had been expressed before the Conference by other United Nations, particularly some of the smaller powers. We felt that if we were able to submit these as the unanimously agreed amendments of the four sponsoring nations, not just as our own, they would have an important, indeed a decisive effect on the whole work of the Conference and the speed with which agreement on a Charter could be reached.

³ BULLETIN of Apr. 22, 1945, p. 725.

⁴ BULLETIN of Feb. 18, 1945, p. 215.

So Mr. Molotov stayed on and worked with Mr. Eden, Dr. Soong, and myself on the United States proposals. They had important contributions of their own to make. I regard it as a great achievement and a good omen for the future that agreement was reached on the exact text of these important amendments by all four nations within a very few days.⁵

When Mr. Molotov came to me to tell me that his Government agreed with us on the text of the last two remaining amendments he expressed again the importance which his Government attached to the successful establishment of the World Organization and his satisfaction with the results of our collaboration toward making the Charter of the Organization better and stronger than it otherwise would have been. It was only after this agreement had been made complete that he said he felt it was appropriate for him to return to the important work which was awaiting him in Moscow.

The unanimity of the sponsoring powers on these amendments has had the decisive effect we expected it would have on the work of the Conference. They have met with general approval among other nations at the Conference, and have greatly eased and speeded the task of the working committees.

After submission of the joint amendments of the four sponsoring powers, together with the amendments submitted by other United Nations, the Conference entered its working-committee stage.

One of the first committee decisions was formally to extend to France that fifth permanent seat on the Security Council which had been contemplated for her at Dumbarton Oaks. I am happy to say that France now sits in the Conference Committee of five with the four sponsoring nations. The United States welcomes this important step in the return of France to her rightful place in world affairs.

During the past fortnight general agreement has been reached on a number of other important points. Taken together with changes previously agreed upon, these form the basis of proposals which are now being drafted, section by section, into the Charter.

I wish to point out what I consider to be the most significant of these changes.

The Security Council would be given additional powers to settle a dispute in its early stages and

to stop preparations for war long before war actually begins.

The relationship to the World Organization of regional security arrangements like that contemplated in the Act of Chapultepec for the Western Hemisphere has been clarified by another provision.

The United States shared in the desire of the other American republics to maintain the inter-American system within the framework of the World Organization.⁶ We also agreed that the World Organization must be supreme in matters of enforcement. World peace is indivisible. The World Organization must therefore have the right and the power to prevent or suppress aggression anywhere and at any time. This conviction was embodied in the proposal put forward.

At the same time, that proposal strengthens the role of regional organizations in peaceful settlement of disputes. It reemphasizes the inherent right of self-defense and extends that right to a group of nations whenever an armed attack against one of them can rightfully be regarded as an attack against all of them until the World Organization has taken effective action to restore peace.

The inter-American system is thus brought within the larger framework of the World Organization. The United States intends to negotiate in the near future a treaty with its American neighbors which will put the Act of Chapultepec on a permanent basis, in harmony with the World Charter.

The steps by which a final solution of this problem was achieved offer a good example of the advantages of effective collaboration. The original United States proposal was partly based on separate amendments previously proposed by France and Australia. It was submitted simultaneously to the five large powers and to the other American republics. Mr. Eden and his British colleagues offered opinions which strengthened and clarified its meaning. A later suggestion from the Soviet Union resulted in a further improvement. Because many nations collaborated on this problem, we have emerged with a far better solution than any nation produced alone.

Another amendment reaffirms that the responsibility for standing guard over the enemy powers shall be carried by the nations which defeated them.

⁵ BULLETIN of May 6, 1945, p. 851.

⁶ BULLETIN of May 20, 1945, p. 930, and May 27, 1945, p. 949.

But for the first time it specifically opens the way for the World Organization itself to assume this responsibility later on. In the meantime the automatic operation of treaties directed against a renewal of aggression by enemy states is permitted.

This is in accord with the aims of the United States toward Germany as affirmed in the Crimea declaration. It is our intention to continue collaborating to the fullest extent with our Allies in order to achieve: First, the utter destruction of German militarism and Nazism; and, second, the absolute assurance that Germany shall never again be able to threaten its neighbors or disturb the peace of the world.

Our policy toward Japan is directed to the same end. Before leaving the discussion of the Security Council I want to refer to the question of voting procedure in the Council. The Conference has not yet taken final action on this matter. The Crimea proposals require that the five permanent members must agree to any enforcement action.⁷ There would be a similar requirement on action for the peaceful settlement of disputes, except that a party to a dispute must refrain from voting. This requirement, however, does not apply to the right of any nation to bring a dispute before the Council and to full discussion of the merits of its case. It applies only when the Council makes a decision involving positive action.

This provision has been criticized both here and elsewhere as giving a privileged position to the large nations.

This criticism is not justified. It is not a question of privilege, but of using the present distribution of military and industrial power in the world for the maintenance of peace.

The Security Council is the enforcement agency of the World Organization, and hence must be the repository of its power to prevent aggression.

The five permanent members of the Security Council have at their disposal an overwhelming proportion of the men and material necessary to enforce peace. Their permanent membership in the Security Council therefore becomes essential, for without their strength and their unanimous will to peace the Council would be helpless to enforce its decisions. And it must be remembered that any action taken by the Council toward settling a dispute may ultimately lead to the

necessity for enforcement action if peaceful methods fail.

But, it is objected, what happens if one of the five permanent members embarks upon a course of aggression and refuses to recognize the machinery of the World Organization? How can the aggressor be restrained if his own contrary vote prevents the Council from invoking force against him? In such an event, the answer is simple. Another world war has come, vote or no vote, and the World Organization has failed.

But I think we should not be too deeply concerned with the kind of question Franklin Roosevelt always characterized as "iffy." The five great nations have come here with the other United Nations to form an organization for peace—not to conspire for war.

Twice in the last 30 years they have fought side by side as Allies—not as enemies. Their intentions are honorable and their necessities for peace are fully as urgent as those of any other nation, large or small. To assume that they seek to violate pledges rather than to enforce them is to oppose the existence of any organization for peace, and to resign the world to an endless succession of wars.

Another important matter before the Conference has been the establishment of a trusteeship system under which dependent areas may be placed by later agreements.⁸

This subject was not discussed during the Dumbarton Oaks Conversations. The United States Government felt that it was of the utmost importance that such a system be provided for in the Charter. We therefore took the initiative in discussions to that effect with the other sponsoring governments even before the Conference began.

I think I can now say with assurance that, as a result of this American initiative, the Charter will provide for an effective trusteeship system. It will not be all that we desire, but it will offer real opportunity for progress to dependent peoples.

In all the discussions on trusteeship the United States has continued to stand fast for provisions which will fully safeguard the control by the United States—within the trusteeship system, but on conditions satisfactory to us—of those strategic points in the Pacific which are necessary for the defense of the United States and for world security.

And we have stood with equal firmness for a trusteeship system that will foster progress

⁷ BULLETIN of Mar. 11, 1945, p. 394.

⁸ BULLETIN of May 20, 1945, p. 929.

toward higher standards of living and the realization of human rights and freedoms for dependent peoples, including the right to independence or another form of self-government, such as federation—whichever the people of the area may choose—when they are prepared and able to assume the responsibilities of national freedom as well as to enjoy its rights.

The United States has demonstrated this long-standing policy in the Philippines. It looks forward to the time when many other now dependent peoples may achieve the same goal.

I regard the provisions which are being made in the Charter for the advancement of dependent peoples, and for the promotion of human rights and freedoms, as of the greatest importance. Together with measures to strengthen the Economic and Social Council, they will help to bring the World Organization closer to the needs of the peoples of the world. They will provide the means by which nations can work more effectively together for that economic and social development without which lasting peace is impossible.

We must realize that our most important task in the next decade is not likely to be the enforcement of peace, but to prepare the economic and social basis for peace. If the work of the Economic and Social Council is well done, we will have gone far toward eliminating in advance the causes of another world war a generation hence.

This is the objective of the second group of new proposals put forward at San Francisco.

These new proposals state clearly that justice and international law, together with equal rights and self-determination of peoples, shall be guiding principles of the new World Organization. They embody a complete statute of a new Permanent Court of International Justice.

They stipulate that international cooperation in the protection and promotion of individual human rights and freedoms for all, without distinction as to race, language, religion, or sex, is a fundamental purpose of the World Organization.

They give the Assembly of the World Organization sweeping power to recommend measures for the adjustment of any situation which is likely to impair the general welfare—and this includes violations of the purposes and principles of the Organization.

They provide for a Commission on Human Rights which will have the power to work out an

international Bill of Rights which can be accepted by member nations as part of their fundamental law, just as we in the United States have a Bill of Rights in our Constitution.⁹

The Four Freedoms stated by our great President Franklin D. Roosevelt—freedom of speech, freedom of religion, freedom from want, and freedom from fear—are, from the point of view of the United States, the fundamental freedoms which encompass all other rights and freedoms.

Freedom of speech, for example, encompasses freedom of the press, freedom of information, and freedom of communications.

Freedom from want encompasses the right to work, the right to social security, and the right to opportunity for advancement.

Freedom from fear encompasses the protection from persecution and discrimination of all men and women, and the protection of their equal right to enjoy all other fundamental rights and freedoms.

The United States Government will work actively and tirelessly, both for its own people and—through the International Organization—for peoples generally, toward promoting respect for and observance of these rights and freedoms.

The Charter will also be strengthened by naming the Economic and Social Council along with the General Assembly and the Security Council as principal organs of the World Organization.¹⁰

We have provided that the views of non-governmental international organizations in agriculture, labor, business, education, and related fields can be made available to the Council.

We have conferred upon the Economic and Social Council the power to promote cultural and educational cooperation among the nations and made more specific its function in coordinating the activities of specialized intergovernmental organizations dealing with labor, agriculture, finance, trade, and other matters—all of them having as their ultimate objective higher living standards and full employment.

I must emphasize, however, that the Economic and Social Council is essentially a coordinating and recommendatory agency. It cannot interfere with the domestic affairs of any member nation. Its hope for success lies in the cooperation of the member nations—in their willingness to partici-

⁹ BULLETIN of May 20, 1945, p. 928.

¹⁰ BULLETIN of May 20, 1945, p. 931.

pate effectively in those organizations which will be affiliated with it.

There are, I am sorry to say, people who seem to think that our American economy can function in a vacuum, completely without relation to other national economies; and that by some miracle we can hope to achieve prosperity for ourselves without taking into account the economic condition of our neighbors.

After the defeat of Japan, millions of young men and women will return home to take their proper places in agriculture and in our enormously expanded productive system. We shall not be able to provide jobs for them if we have not helped, through the Economic and Social Council, to create those world-wide conditions under which other nations are able to purchase much greater quantities of our goods than ever before and we are able to buy more from them.

We must choose between a constantly expanding economy throughout the world or mass unemployment in our own country. Full participation in the Economic and Social Council provides us with our greatest opportunity to break, once and for all, the vicious circle of isolationism, depression, and war.

I look upon this Charter as, in the deepest sense, a compact between peoples, reached through their governments. Certainly the American Delegation's part in the work of this Conference has been carried out in the closest possible relationship with the American people. We have been in constant touch with the consultants representing 42 non-governmental organizations widely representative of American life. Through their suggestions they have made valuable contributions to the Charter. I hope and believe that we can build upon this experience in the future.

I want also to say a few words about the American Delegation.

This Delegation has carried out all its work in a splendid spirit of non-partisan cooperation. Each member has borne, with high distinction, a full share of the grave responsibility which is upon us all. Each has been guided only by the higher interests of our country as an inseparable part of the world community.

The Delegation includes four outstanding members of Congress, two from each party—Senator Tom Connally of Texas, Senator Arthur Vandenberg of Michigan, Representative Sol Bloom of New York, and Representative Charles Eaton of

New Jersey. The Delegation also includes two representatives of the public—Dean Virginia Gildersleeve and Commander Harold Stassen, who is on leave from active duty in the Navy.

Our Senior Delegate, Cordell Hull, has unfortunately been unable to attend the Conference. But we have been in daily communication with him and have leaned heavily upon his wise counsel and guidance. It was Cordell Hull's achievement at Moscow in 1943 which made this Conference possible.

The Charter which is written at this Conference must be ratified by a two-thirds vote of the Senate, and must be whole-heartedly approved by the American people if the World Organization is to succeed. The important part played by our widely representative and non-partisan American Delegation should assure the kind of Charter that will win this approval. We have carried one step further here the policy of close cooperation with Congress which was initiated by Mr. Roosevelt and Mr. Hull. Our purpose is to provide that continuity and strength of foreign policy which has been so difficult to achieve in the past history of our country.

Finally, I wish to report that we have been in daily communication with President Truman. He has been fully informed of every step in the work of this Conference. As Chief Executive of the United States he has guided our course. His leadership has been essential to our progress.

Our remaining work here at San Francisco moves ahead steadily. Since the committees have already approved most of the important provisions of the Charter, we shall be principally occupied during the next few days with drafting those provisions into Charter language. The various drafts will then go to the four commissions for approval, and finally to the plenary session of the whole Conference. Our work will then be concluded. I hope we shall finish during the early part of June.

I have no doubt that the final Charter prepared here will offer great hope of lasting peace. But I cannot speak so surely when I try to answer the question: Will it work? Will it keep the peace? For that depends upon the will to peace with which the nations of the world support the Charter and build strength into the World Organization. We can do no more at San Francisco than to establish the constitutional basis upon which the world can live without war—if it will.

Our own foreign policy will play a great part in determining the achievement of these ends. What, then, are the major considerations which must govern our foreign policy?

First, we must carry the second phase of the war to final victory and see to it that Germany and Japan are never able to wage war again.

Second, we must maintain and extend the collaboration and community of purpose now existing among the great nations which have fought this war together. The interests of the United States extend to the whole world. We must maintain those interests in our relations with the other great powers and we must mediate between them when their interests conflict among themselves. In both cases our own interests, as well as theirs, require that agreement be achieved and the solidarity of the great nations be preserved.

Third, we must seek constantly to make our full contribution toward the establishment in practice of the supremacy of justice and of fair dealing for all peoples and states, large and small. The power that happens to be in the hands of certain nations must never be used for any purpose which is not in accordance with justice. And the formulation

of international law to embody justice must be speeded.

Fourth, those social and economic conditions which create a climate for peace must be advanced. The beginnings we shall make through the Economic and Social Council and its related agencies must be constantly developed.

Finally, we must realize that we live in a world where the sovereignty of no nation, not even the most powerful, is absolute. There is no such thing as complete freedom of decision for any nation. It was not the action of our Congress but a decision of the Japanese High Command to bomb Pearl Harbor which put the United States into this war.

We in America can never again turn our backs upon the world. For we are not only a part of it—we are one of its most important parts. If we do not assume our new responsibilities willingly, then we shall be compelled to assume them by the brutal necessities of self-preservation. There is no possibility of retreat.

Let us, instead, with God's help, march forward in the cause of peace, with a greatness worthy of our heritage and of the men who gave their lives on distant battlegrounds.

Recent Developments in Syria and Lebanon

NOTE FROM UNITED STATES GOVERNMENT TO PROVISIONAL GOVERNMENT OF FRANCE

[Released to the press May 31]

The Department of State announced on May 31 that United States Ambassador Jefferson Caffery delivered the following note on May 28 to the Provisional Government of the French Republic:

"I have been instructed by my Government to convey to the Government of France the deep concern which my Government feels with regard to recent developments in Syria and Lebanon.

"An impression has been created in the United States and elsewhere that French representatives have been using the threat of force to obtain from Syria and Lebanon concessions of a political, cultural, and military nature. It is understood that, at a time when the French Delegate General to the Levant States was presenting to the Governments of Syria and Lebanon proposals which, if accepted, would give France a special position in those countries, a French warship was landing fresh armed forces in Beirut.

"Syria and Lebanon are recognized by France and the United States as independent countries. They are also members of the United Nations whose representatives, including representatives of France and of the United States, are now discussing in San Francisco means for guaranteeing world security and for combating aggression.

"It is important, at the very time when the International Security Organization is in process of being created at San Francisco, that in order to inspire confidence in its future effectiveness all nations, both great and small, refrain from any act which might give rise to a suspicion—however unjustified—that a member of the future organization may be pursuing a policy not in conformity with the spirit and principles which that organization is being established to defend.

"The United States places a great value upon the historic friendship which, since its founding, has bound it to France. It considers that France

and the United States which share the inheritance of a common democratic past have a particular responsibility for the vitality and influence of the democratic tradition, and that the extent to which that tradition will continue to influence the course of history depends upon the manner in which the great nations which are its exponents make use of their position and their power and upon their willingness to cooperate with one another.

"The Government of the United States, therefore, in a most friendly spirit earnestly urges the Government of France carefully to review its policy toward Syria and Lebanon with the purpose of finding a way to make it clear to those countries and to all the world that, in its dealings with the Levant States, France intends to treat them as fully sovereign and independent members of the family of nations."

Displaced Persons in Germany: Present Operations

[Released to the press by SHAEF at Paris May 25]

Allied armies, in the course of the past two months, have uncovered an estimated 2,500,000 displaced persons in Germany. More than 80 percent are in the area of the Twelfth Army Group, and the remainder in the Sixth and Twenty-first Army Group areas. Russians constitute by far the largest nationality—more than 40 percent of the total uncovered; French represent 23 percent; Poles, 14 percent; Italians, 9 percent; Belgians, 5 percent; Dutch, 5 percent; and the remainder, Yugoslavs, Czechs, Greeks, Luxembourgers, and other European nationalities. It is significant that the total uncovered is still well below all estimates used during the past year in planning for the displaced-persons operation—it is not yet possible to determine whether the original estimate of 4,400,000 persons in the SHAEF area of operations, or whether large numbers of displaced persons have not yet made themselves known, particularly those who have been working on German farms.

All Army commanders have emphasized the seriousness with which the displaced-persons problem in Germany is regarded. In almost all areas it has been treated entirely as a command responsibility, and, where consistent with military operations, combat units have been utilized to care for and control displaced persons. In Sixth Army Group area, 80 teams, consisting of 2 to 3 officers, 1 medical officer, and 4 to 6 enlisted men, have been drawn from combat units and trained in readiness for any eventuality. In the Ruhr, XVI Corps of the Ninth U. S. Army utilized four infantry divisions in controlling and caring for displaced persons. In Fifteenth Army, the commanders of XXII and XXIII Corps have assigned two artillery groups (one for each Corps) to direct displaced-persons operations in the area. Camps

are being operated in this area by military-government detachment, supplemented to a large extent by special combat teams.

In the initial stages of occupation some looting and pillaging and other disorders have taken place. This was the result not only of the natural exuberance of liberation among the displaced persons themselves but of the necessity of not delaying military operations by utilizing vitally needed combat forces to establish immediate control over foreign workers and displaced persons. These initial disorders, however, have diminished. Army group report that in less than a week displaced persons are brought under control, except for a few isolated instances of disorder.

In rear areas, as soon as conditions have stabilized, few displaced persons are found trekking along main roads, although frequently movements of German civilians and evacuees are mistaken for those of displaced persons.

About half the displaced persons uncovered have already been brought into the more than 200 camps and centers established by the armies in Germany. Thus, in the Twelfth Army Group alone, 900,000 displaced persons were in such installations at the end of April. The process of bringing displaced persons together into established camps is necessarily a slow one. Prisoners of war have broken away from prison camps; foreign workers have quickly left factories in which they worked; political and racial prisoners in the initial confusion have gotten out of concentration camps; farm workers are found in virtually every city and town in Germany. Some time must elapse before military authorities are able to bring them together into proper centers.

In most areas displaced-persons camps and installations are under the control of military-government detachments who, although seriously

overworked, have generally been successful in bringing about comparatively orderly conditions. In other cases, where combat troops could be spared, the care of these people was directly charged to subordinate commanders. More than 140 UNRRA teams, each consisting of 8 trained specialists, are already in the field working in camps under the direction of local military-government detachments. It is expected that the figure will increase to 150 by next week, and to 225 by the first of June. Personnel of voluntary welfare agencies, under the supervision of UNRRA, is being called forward to aid in the problem. In addition, almost 600 Allied liaison officers, selected by 11 governments, are in the field assisting military authorities in the control, care, and repatriation of displaced persons. In many camps, the displaced persons themselves are performing most of the administrative and other functions.

In general, the health situation of most of the foreign workers is better than was anticipated, while conditions among some groups of prisoners of war and concentrations of foreign workers in larger cities are poor. Every effort is made to see that all displaced persons are dusted with anti-typhus DDT. At the present time, most of the food used in displaced-persons camps is being obtained from local enemy sources and from captured enemy stocks. But, since indications are that the supply situation in Germany will deteriorate, every effort is being made to repatriate displaced persons as quickly as possible. Already more than 450,000 French, Belgians, Dutch, and Luxembourgers have returned home. Of these, 350,000 are French, and of that number 50,000 have been moved by air in returning transport planes which brought supplies to the armies. Prospects of increasing repatriation by air, through the use of additional planes, are at the moment good.

Arrangements have been made to drop newspapers, magazines, and other material to displaced-persons camps. Allied commanders have been instructed to requisition from German authorities welfare items for the camps, and it is expected that such supplies may be supplemented by UNRRA.

The worst conditions of all have, of course, been found in concentration camps, where the Germans held political prisoners and racial prisoners. Before the camps were uncovered, army commanders took special steps to move out quantities of medical and special feeding supplies, as well as

specialist personnel, ready for emergency use as soon as the camps were uncovered. Every resource available to armies is being utilized to care for the persons interned there. At Belsen, a large hospital has been established and arrangements have been made to fly 100 British medical students into the camp to assist in the care of the inmates, many of whom are suffering from severe malnutrition, typhus, typhoid, tuberculosis, etc. At Dachau, three days after it was liberated, two evacuation hospitals and part of a field hospital were set up, and two military-government detachments were directing camp operations.

Wherever possible, important political and other personages have been flown immediately out of those camps to France and Belgium. Special flights have carried large numbers of French and Belgian political and racial prisoners to their homes. Simultaneously, arrangements have been made to obtain detailed lists of persons found at the camps, and scores of requests regarding individuals who may have been found in camps are being handled daily. Nevertheless, the situation of large numbers of these political and racial prisoners is grave in the extreme. Many are critically ill, suffering from starvation and other diseases resulting from lowered resistance. While Allied authorities are doing everything possible to save as many people as they can, many are quite beyond help.

Early in 1944 SHAEF developed plans, in coordination with Allied governments and UNRRA, for dealing with the displaced-persons problem. Instructions were issued to Army Group commanders on 4 June 1944 relating to the control, care, relief, and repatriation of displaced persons. These were supplemented by detailed instructions issued on 18 November 1944.

Under these instructions displaced persons uncovered by military forces are assembled in collecting points and directed back to transit points or areas where they are given food, temporary shelter, and first aid. From there they are directed to assembly centers, where they are cared for until they can be repatriated. When uncovered in areas of rapid military advance, they are directed to stand fast until arrangements can be made to collect them in assembly centers. As soon as conditions permit, United Nations displaced persons are returned to reception centers in their own countries, where their governments assume full

responsibility for them. In liberated countries the care of displaced persons is the responsibility of the Allied governments concerned, assisted and advised by Supreme Headquarters, AEF, Missions. In enemy territory, United Nations displaced persons are a direct responsibility of the Allied forces, whereas enemy and ex-enemy displaced persons are made the responsibility of enemy authorities supervised by military government.

Arrangements were made with European Allied governments to make available liaison officers for repatriation, to be employed by military commanders to assist in the control, identification, care, and repatriation of their nationals.

Arrangements were made with UNRRA to make available assembly-center teams to be employed by military commanders in administering United Nations assembly centers in Germany. A substantial program of recruiting, equipping, and training personnel for these teams was carried out under the plans of the displaced-persons branch of SHAEF.

Arrangements were also made for the assignment and training of a limited number of military-government detachments for special work in dealing with the displaced-persons problem.

Military commanders have added to their personnel resources for dealing with the displaced-person problem by the assignment of combat and service officers and men to deal with the initial peak problem of controlling and administering displaced persons.

Arrangements were made with the Governments of France, Belgium, Netherlands, and Luxembourg for the establishment of adequate reception facilities to which their displaced nationals could be sent by the military authorities.

Financial Agreement

France-United Kingdom

The American Embassy at London transmitted to the Department, with a despatch dated March 29, 1945, copies of a financial agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Provisional Government of the French Republic signed at

Paris March 27, 1945, which is published as Command Paper 6613.

The agreement states that the Governments of France and the United Kingdom are desirous of developing to the maximum commercial exchanges between the franc area and the sterling area, and of facilitating current settlements, especially commercial payments, between the two areas, and of reaching a final settlement of the various financial claims which have arisen between the two Governments since the beginning of the war.

Article 1 of the agreement provides that the British Government shall extend to the French Government a credit up to £100,000,000 to be available up to February 28, 1946, which credit can be increased. The French will make available to the British a credit up to 20,000,000,000 francs, and at the end of the war a balance will be taken of the drawings made against the two credits. Two accounts will be set up to be known as "A" accounts.

Article 2 provides for the settlement of the accounts referred to in article 1, and if as anticipated there is a balance due Great Britain, France will settle in gold to the equivalent of one third of the gross current payment from the franc area to the sterling area.

Article 4 provides for the opening of an account "B" at the Bank of England in the name of the French Government for the settling of transactions undertaken before the agreement. France will establish the account "B" by drawing on the credit referred to in article 1 in the amount of £40,000,000, which is an agreed estimate of the excess of the pre-agreement sterling in the United Kingdom belonging to residents in France over the pre-agreement francs in France belonging to residents of Britain. The British will credit account "B" with debts due to the French in respect of ships and cargo taken over by the British and for sums due to the French in respect of the expenditure of British forces in the franc area before the agreement. France, however, will pay from this account advances made to the French National Committee and for supplies to the civilian population and armed forces.

Article 5 abrogates the Anglo-French financial agreement of December 12, 1939 and provides for the mutual waiver of inter-governmental claims arising from the agreement providing that France

and Great Britain would share the cost of the war on a 40/60 basis. Britain will make available to France free of cost supplies and services to the value of £45,000,000, which represents the net value of war material received by Great Britain. France is to refund to Britain the amount which Britain paid in dollars in connection with the transfer of French munitions contracts in the United States, and the payment of these dollars is to be made by installments *pari passu* with the program of British deliveries to the value of £45,000,000 referred to above.

Article 6 provides for the exchange of information in regard to refugee assets from France in Britain and vice versa.

Article 7 abrogates the financial agreement of February 1944 between Britain and the French Committee of National Liberation.

Article 8 states that the agreement shall be deemed to have entered into force on March 1, 1945, and the provisions of articles 1 to 3 and the annex attached to the agreement shall be valid for one year and may possibly be prolonged for another year.

The annex to the agreement sets forth the technical provision of settlements between the franc area and sterling area as well as the general monetary arrangements between the two areas. The use of francs and sterling within the two areas is provided for; and the Governments further agree that they "shall endeavor" (a) to make francs and sterling "available for payments of a current nature to residents of countries not included in the franc and sterling area", and (b) to permit residents not in the franc and sterling area to use their francs and sterling to effect payment to residents of the franc and sterling area. It provides further that if the two Governments become parties to a general international monetary agreement they shall review the provisions of the annex with a view to making any amendments which may prove necessary.

Merchant-Shipping Agreement

New Zealand-South Africa

The Governments of New Zealand and the Union of South Africa have acceded to the Agree-

ment on Principles Having Reference to the Continuance of Co-ordinated Control of Merchant Shipping signed at London August 5, 1944.³ The accessions are effective from May 24, 1945, the date of identic notes from the Governments of the United States and the United Kingdom, on behalf of other contracting governments, to the Governments of New Zealand and the Union of South Africa in reply to communications expressing a desire to accede to the agreement.

United States-Soviet Friendship Rally¹

MESSAGE FROM THE PRESIDENT²

I am glad to have this opportunity to pay tribute to the men and women in the uniforms of the United Nations who have fought so gallantly to defeat our common enemy, and to their fallen comrades in arms who made the supreme sacrifice in order to suppress tyranny. They have made it possible to establish an enduring peace based upon the high principles for which we fight.

We must now bend our every effort and work together to assure that these sacrifices shall not have been in vain, by building the peace on the four essential human freedoms—freedom of speech and religion, freedom from want and from fear.

THE DEPARTMENT

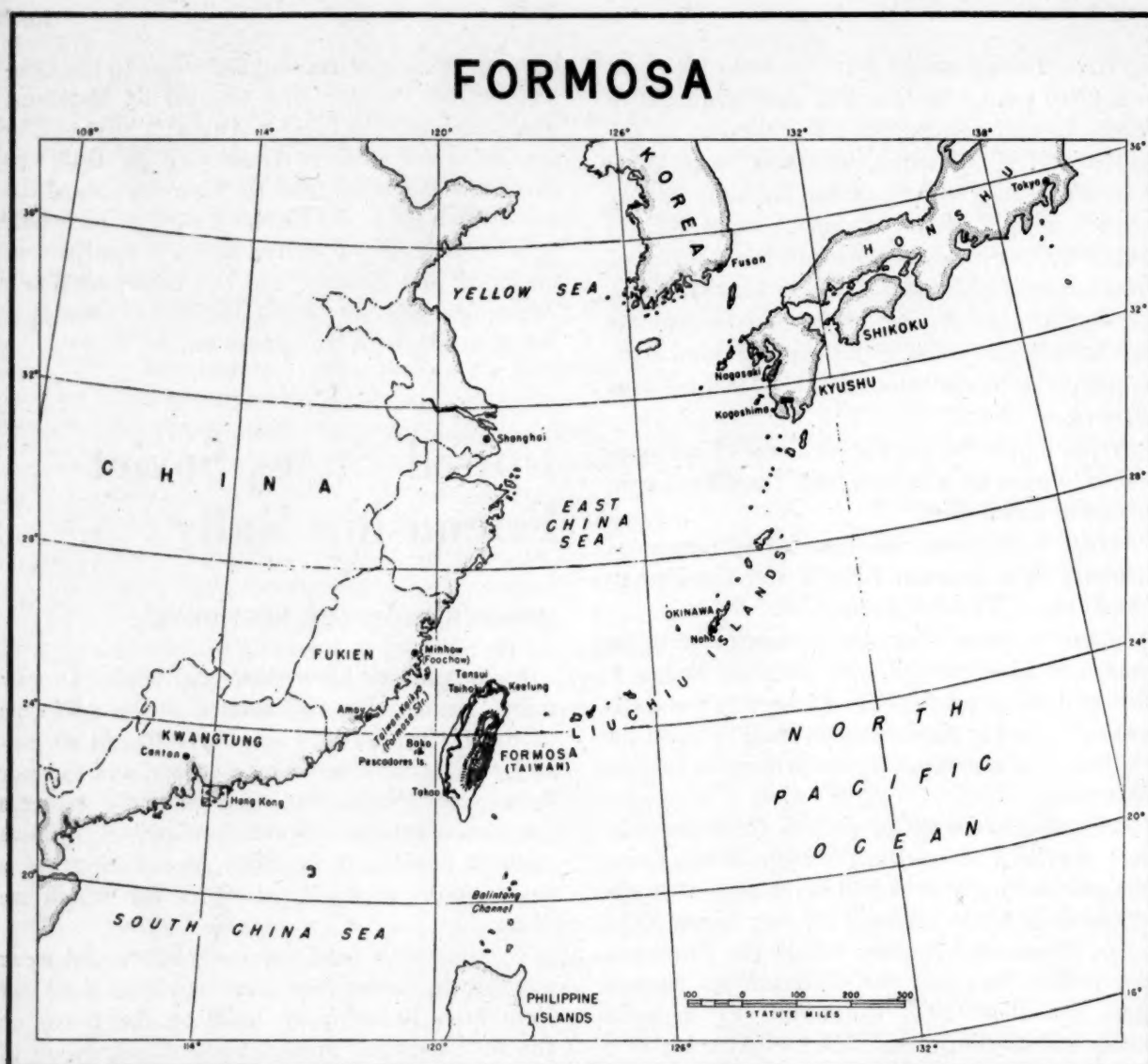
Appointment of Officers

Selden Chapin as Director and Julian F. Harrington as Deputy Director of the Office of the Foreign Service, effective May 16, 1945.

¹ Held in New York, N. Y., on May 31, 1945.

² To Edwin S. Smith, director of the National Council of American-Soviet Friendship, Inc.

³ BULLETIN of Oct. 1, 1944, p. 357; Apr. 8, 1945, p. 628; and May 6, 1945, p. 858.



Prepared in the Department of State, Division of Geography and Cartography, May 1945.

1693D

By EUGENE H. DOOMAN, HUGH BORTON, and CABOT COVILLE¹

FORMOSA is known to the Chinese and the Japanese as Taiwan, which derives from two Chinese characters: the first meaning a "plateau"; the second a "bay". This word obviously is inappropriate as a name for an island about 250 miles long, which is also singularly poor in harbors and bays. The name might conceivably have been

applied first to the bay at Tamsui, a port on the west coast facing China, the southern arm of which is characterized by a bold promontory several hundred feet high. The name by which the island is best known to occidentals is Formosa, which derives from the Portuguese word meaning "beautiful". There is a tradition that the first Portuguese navigators to behold the magnificent cliffs on the

¹ Mr. Dooman is Special Assistant to Assistant Secretary of State Dunn; Mr. Borton is Country Specialist in the Planning and Research Unit, Office of Far Eastern Affairs, Department of State; and Mr. Coville is First Secretary at the American Legation, Stockholm. For other articles on the Far East that have appeared in the *BULLETIN*, see "Philippine-American Relations Since 1939", Aug. 20, 1944;

"Korea: Internal Political Structure", Nov. 12, 1944; "Netherlands Indies: Internal Political Structure", Nov. 19, 1944; "Thailand: Social and Political Structure", Nov. 26, 1944; "Japan's Mandated Islands", Dec. 17, 1944; "The Administration and Structure of Japanese Government", Dec. 24, 1944; "Okinawa and the Liuchius", Apr. 22, 1945.

east coast of the island exclaimed "Formosa!" These cliffs, some of them several thousand feet high, are backed by ranges of mountains extending north and south, which reach elevations of over 13,000 feet. The terrain levels off sharply to the westward, so that the rugged and mountainous eastern half stands in sharp contrast to the plains which form a large part of the western half of the island.

The area of the main island is 13,807 square miles. Other islands, including the Pescadores, cover 78 square miles. At the end of 1940 the total population was 6,077,478, 2.5 percent of which were aborigines, 6 percent, Japanese, and 91.5 percent, Formosan Chinese.

Aborigines of Malayan or Polynesian origin were the sole inhabitants of Formosa until the sixteenth century. Following the large Chinese influx into the coastal areas in the seventeenth century, the aborigines were pressed into the mountains. Since the beginning of Japanese rule in 1895 they have been almost entirely confined to the mountainous interior, where they are at present systematically restricted to rigidly policed districts. Because of harsh treatment and low birthrate the number of aborigines, which now totals about 155,000, is not increasing. If any agreement should be reached among the powers concerning the treatment of minorities in the Pacific area, the aboriginal Formosans might be brought within its scope.

Chinese, from Kwangtung and Fukien, who have inhabited Formosa for nearly 300 years, are prolific, and under Japanese rule they have more than doubled by natural increase. However, immigration from China has not been permitted by the Japanese. The birthrate of the Formosan Chinese is 46 a thousand—60 percent higher than that of the Japanese in Formosa, which is 28.5 a thousand.

The non-military Japanese population totals around 350,000. The annual rate of immigration of Japanese in the early years of subjugation approached 10,000; the figure, thereafter, fell off and has never since been large.

The general density of population in Formosa is comparable to that in Japan proper; although, since two thirds of the island is mountainous, the greater part of the population in Formosa is concentrated in the plains which run the length of the west coast and along the northern end.

Strategic Considerations

Strategic factors greatly influenced the problem of Formosa. With the exception of Singapore, no location in the Far East occupies such a controlling position. Formosa is separated from the continent of Asia by 100 miles; from the main island of the Philippines by 200 miles; and from Kyushu, the nearest home island of Japan, by 700 miles. Flying distance from military airports in Formosa is 559 miles to Manila, 410 miles to Canton, 428 miles to Shanghai, 1,290 miles to Tokyo. Formosa, larger than the State of Maryland, stands in a strategic relation to the China coast comparable for the United States to an imaginary island of such size 100 miles off the coast of North Carolina, 400 miles from New York City. Every point on the entire coast of China falls within a radius of 1,100 miles. A radius of 2,000 miles includes Burma, Singapore, Borneo, Guam, and Japan, including Hokkaido.

Formosa has two important ports: Takao and Keelung. The main naval base is located in the Pescadores at Bako, which, in the hands of the Japanese, has been the most important base for Japanese aggression in the southwest Pacific and for preparation of the present war.

Political Development

Government and Law. The administration of Formosa is under the direction of the central Government in Tokyo operating through the Home Ministry. The office of governor general is appointive, and for several years has regularly been filled by an admiral on the active list. The armed forces have consistently assumed a deciding voice in the administration of the island, and by consequence they have developed an autonomous attitude which has often resisted the directives of the civil authorities in Tokyo. Legislation emanates entirely from Tokyo.

Native Participation in Government. Higher official positions are appointive and are filled by Japanese. In the lower ranks of administration about one half of the employees are Formosan and one half Japanese. Qualified male subjects 25 years old or over may vote for members of local assemblies and are legally eligible to election; except in one village Japanese members of the local assembly greatly outnumber the Formosan members. Through tight control by the police and by

local patriotic organizations, favor is given to those young Formosans who have undergone Japanese instruction in the public schools and who speak Japanese. Censorship is enforced both in war and in peace. Under Japanese rule the Formosans cannot organize themselves, nor can they use their own language in the Government schools. Private Chinese schools were tolerated by the Japanese during the early years, but they never received Government support. Recently the tendency has been to suppress them.¹

Fiscal Situation. The budget of Formosa for the fiscal year ending March 31, 1940 balanced at 208,602,000 yen (\$48,896,308).² This total included receipts from Government enterprises, which are highly profitable. Government enterprises include the tobacco monopoly, liquor monopoly, state railways, communications, camphor monopoly, and a half interest in the Formosa Development Com-

¹According to Tokyo broadcasts on Apr. 1, 1945, as recorded by the Foreign Broadcasting Intelligence Service of the Federal Communications Commission (*Radio Report on the Far East*, Apr. 2, 1945), Emperor Hirohito issued a rescript granting to Formosa, along with Korea and Karafuto, representation in the Imperial Diet. This decree "opened a way for the residents of Chosen and Taiwan [Formosa] to send representatives as members of the Imperial Diet, and to participate in the national administration by selecting capable persons on a wider scope". The rescript provides that "Seven members from Chosen and three members from Taiwan will immediately be appointed to the House of Peers by the Imperial nominations for 7-year terms". In addition Formosa will be represented by 5 members in the House of Representatives to be elected in 1946.

The rescript announced further that "The measures which had been under study have been approved. The way was opened for the Chosenese and Taiwanese to send their representatives to the Diet, the nucleus organ for the political administration of the Imperial Government of Japan, because of their constant improvement in being the subjects of Imperial Japan and their contribution toward the prosecution of the G.E.A. [Greater East Asia] War".

This decree, as announced in the Tokyo broadcasts, is, without a doubt, designed as part of the political scorched-earth policy and as a method of political expediency rather than inspired by any real desire upon the part of the Japanese Government to grant the Formosans any real status as Japanese subjects. The political implications of the decree are significant in view of the fact that it is issued at a time when Japan is undergoing political and military reverses, which can be expected to continue until she is totally defeated.

²The yen was pegged at \$0.2344 in September 1939 and did not have a value which differed greatly from this on the free market abroad.

pany which, in turn, controls affiliates in many different industries. If such Government enterprises be excluded from the budget, the principal remaining items would be as shown below:

BUDGET OF FORMOSA

(in thousands of yens)

Revenue:	Expenditures:
Stamp receipts . . . 5,926	Administrative
Tax on profits . . . 2,444	office 2,940
Taxes and duties . 33,426	Local government 15,393
	Courts and pris-
	ons 2,821
	Education 4,276
	Special defense
	account 17,658

IV. Economic Development

Agriculture and Industry. Formosa has been valuable to Japan from an economic point of view because of its agriculture; its industry is based mainly on the processing of agricultural products. The gross value of production in 1937 amounted to 852 million yen (\$245,240,800), which was divided as follows:

FORMOSAN PRODUCTION

(in thousands of dollars)

	Percentage of total	Value
Agriculture	47.2	\$115,776
Industry	44.0	107,972
Mining	4.3	10,547
Fishing	2.5	6,102
Forestry	2.0	4,905

Agricultural production is concentrated in the plains of the west and north. Twenty-four percent of the land is cultivated. Of the total crop-area, rice occupies 62 percent; sweet potatoes, 13 percent; and sugar cane, 11 percent.

The principal agricultural product of Formosa is sugar. Neither the climate nor the soil is favorable to the growing of sugar cane. The greater part of the subsoil in the flat western half of the island is clay, which holds the moisture seeping through the surface soil thus stunting the growth of sugar cane. After extensive research by the Japanese it was found that the variety of sugar cane known as rose bamboo, which was originated in Jamaica, could readily be grown in Formosa. At the same time extensive subsoil drainage sys-

tems were installed to draw off the water which would otherwise collect under the surface. As a result of these improvements and through the support of a high customs tariff on sugar, the island has become one of the most important sugar-producing areas of the world. Except for about 200,000 tons of beet sugar produced in Japan, Formosa has supplied the sugar needs of the Japanese Empire, which normally run to about 1,500,000 tons a year. It is to be noted, however, that this relatively large production of sugar has been brought about under abnormal conditions: Production costs are extremely high, and, if the tariff protection under which the sugar industry operates were withdrawn, Formosan sugar could not meet the competition from other Far Eastern sugar-producing areas.

The rice crop in 1935 was estimated at 45 million bushels. Other agricultural products include pineapples, tea, bananas, oranges, cotton, tobacco, castor beans, jute, ramie, and opium poppy.

One of the unique industries of Formosa is the camphor industry, which produces approximately 90 percent of the world's requirements. The camphor forests are found on the slopes of the high mountainous areas in the central and southern parts of the island, on the edge of or well within the so-called "savage" country. The trees, after they are felled, are cut up into small chips, which are distilled in moveable kilns. One interesting feature of this industry is the placing of armed guards in the vicinity of the operations to protect the workers against possible attacks by savages. The processing yields a distillate, known as crude camphor *A*, which is taken to the factory of the Government camphor monopoly at Taihoku and there processed into crude camphor *B*. Crude camphor *B* contains a small amount of camphor oil and impurities which prevent it from being a pure refined camphor. The Government has a monopoly only on the manufacture of crude camphor. It is in this form that camphor was exported to the United States, the principal consumer, and to other foreign countries.

The dependence of Formosan industry on the processing of agricultural products, such as sugar, commercial alcohol, flour, and tobacco, is clear from the fact that, in 1937, 72.5 percent of the value of manufactured goods (with a value of approximately 75 million dollars) was foodstuffs. The next largest item was chemicals, 9.4 percent of the total, with a value of 9.7 million dollars. Metals

and machinery together accounted for 5.5 percent of the value of manufactured goods.

Certain basic factors are clear from Formosa's recent industrial growth: The value of industrial output, consisting mainly of the processing of food products, has increased in recent years so that its value now equals that of agricultural output. Formosan industries have been developed to process not only local materials but also materials from conquered territories in the south. Industrial expansion is facilitated by the abundance of cheap labor and of hydroelectric power, and it has been under the direction of the Formosan Development Company. For this company the Japanese Government provided 50 percent of the original capital of 15 million yen. Through this capital it has encouraged and promoted agriculture, colonization, and the management of industries in other areas in the south Pacific. Total corporate capital in Formosa amounted in 1939 to 357 million yen (83.5 million dollars); the Japanese-owned share, which comprised 90 percent, was in chief part the reinvestment of profits made in Formosa. Total Japanese investments in Formosa reached nearly 800 million yen (216 million dollars).

Mining and Natural Resources. Recent detailed figures for mining products are not available, but in 1935 coal represented over one half the value of all minerals, with gold and gold ores comprising 39 percent.³ In that year 2,145,000 tons of bituminous coal were mined, of which 854,000 tons were consumed in Formosa. The most recent figures on coal exports indicate a noticeable decrease in exports of Formosan coal to Japan and an increase in exports to other areas.⁴

The production of petroleum in Formosa provides from 8 to 10 percent of Japan's peacetime needs. In 1935 the value of volatile oil was 7 percent of that of all minerals, and estimated production in 1938 amounted to 2,330,000 gallons. The same field produced approximately 40 million cubic feet of natural gas daily, which was piped to the industrial centers in northern Formosa.

Communications, Transport, and Public Works. The northern and western coastal plains are well

³ If this same percentage were maintained, the value of these products in 1937 would have been 5.3 million dollars and 4.1 million dollars respectively.

⁴ Coal exports from January-June 1938 to Japan, 259,018 tons, elsewhere, 40,000 tons; from January-June 1939 to Japan, 158,397 tons, elsewhere, 98,203 tons.

provided with railways (2,222 miles) and local bus service. Roads are fairly good. Air and shipping connections are principally with Japan. Communications, which are adequate, are operated by the Government. Hydroelectric power is well developed.

Land Policy. Probably three fourths of the population gainfully employed in Formosa are engaged in agriculture and forestry. Ownership of agricultural lands is concentrated in the hands of a few landowners. In 1930 half of the total cultivated land was owned by 5.9 percent of the landowners; 126 persons or corporations owned 13.1 percent of the cultivated land. Since the latter included the large plantations and land holdings of the sugar companies, their ownership was almost exclusively Japanese. This concentration of ownership has created a critical tenancy problem; in 1938 tenants and part owners cultivated 70 percent of the tilled land. Even the owners who cultivated their own land were in financial difficulties because of the small size of their holdings. Accurate figures are not available on rural indebtedness, but it is known to be wide-spread. The forest lands are owned almost exclusively (91 percent) by the Government. Thus any change in the administration of Formosa would be welcomed by the majority of the population if it would release the large holdings to those who work them either as tenants or as laborers.

Foreign Trade; Tariff Policy. The declared value of exports in 1939 was 592,900,000 yen (\$161,860,000), of which 86 percent went to Japan, the largest items by far being sugar and rice.

As pointed out above, Japan's principal reliance for sugar is Formosa; she takes nearly a million tons, or 90 percent of Formosa's total sugar production. The sugar industry has been heavily subsidized by Japan, in part directly and in part by tariff protection. Formosa supplies more than 80 percent of the sugar consumed in the Japanese Empire.

Japan takes half a million tons or 60 percent of Formosa's total rice crop. About 7 percent of the rice consumption of Japan proper is supplied by Formosa.

The declared value of imports in 1939 was 408,700,000 yen (\$110,350,000), of which 87.8 percent came from Japan.

In practice Japan monopolizes the Formosan market in all products which she desires. Ameri-

can investments are limited to two tea-exporting firms.

Social Development

Education Budget and Policy. The public-school policy has as its major purpose the inculcating in the Formosans of a loyalty to the Japanese Government. Classes for adults are held for the same purpose. Instruction is in the Japanese language. The Chinese language is taught only as an advanced technical study. In 1938 there were 940 elementary schools with 9,036 teachers and 550,303 pupils. In the secondary and technical schools the Japanese are favored over the Formosans. Taihoku Imperial University was established in 1927; its students are few in number and mostly Japanese; it is primarily a research center devoted to technical problems of exploitation and social control in the Far Eastern tropics. The total budget figure in 1940 for education was 4,276,000 yen, 2 percent of the budget of the Government of Formosa.

Less than half the populace speak Japanese, and most of those who speak Japanese have only a rudimentary knowledge of it.

Health and Sanitation Budgets. In 1936 the medical service consisted of 1,650 physicians, 370 dentists, 178 pharmacists, 1,667 midwives, and 81 nurses. There were 15 Government hospitals, 17 other public hospitals, and 217 private hospitals. The 1940 budget figure of the Government for hospitals was 948,000 yen.

When the Japanese annexed the island in 1895, the Chinese population of Formosa was widely addicted to the use of opium. The Japanese required all opium addicts to register with the Japanese authorities. A monopoly of the manufacture and sale of opium was instituted and registered addicts were allowed to buy specific quantities of opium. The avowed objective of this policy was to permit addicts to have their accustomed quantity of opium, but to issue no new licenses to opium smokers, so that in theory eventually the opium habit would have been eliminated. In actual practice, however, there has been no decrease in the registered number of addicts, and the consumption of opium has not substantially decreased during the 50 years of Japanese occupation. The Japanese opium monopoly in Formosa has been in the practice of importing opium with a high morphine content, such as the opium grown in Iran. The

morphine is extracted from the opium and is the source of a large part of the morphine and other opium derivatives which the Japanese have been distributing in China in violation of their international commitments.

Labor Policy. Statistics of living conditions show that the Japanese and Formosans form two separate groups. The labor policy serves to perpetuate this separation and to maintain a low-priced labor reservoir among the Formosans. Half the employed non-military Japanese are engaged in public service, the professions, and communications; 5 percent of the Formosans are similarly engaged.

Efforts have been made to settle aborigines in supervised agricultural labor projects in certain plains areas where they can be more amenable to authority. This effort has been in small part successful.

Future Disposition of Formosa

Following a meeting of President Roosevelt, Prime Minister Churchill, and Generalissimo Chiang Kai-shek at Cairo on December 1, 1943, the three great Allies in the Pacific war made clear their intention "to restrain and punish the aggression of Japan." They declared it to be their intention to restore to the Republic of China "all the territories Japan has stolen from the Chinese, such as Manchuria, Formosa, and the Pescadores". The restoration of Formosa, including the Pescadores, to China and its consequent separation from Japan will raise a number of problems of readjustment on the part of both Japan and China.

The loss to Japan of an area within its own political and fiscal orbit which has been the principal source of its sugar requirements and which produced a substantial part of the Japanese deficiency in rice supply will operate to compel Japan hereafter to divert to the purchase of such essential elements as sugar and rice the foreign-exchange credits which have hitherto been devoted to the purchase from foreign countries of war materials. The loss of Formosa will in this sense contribute, to an important degree, to supporting the controls which will be established toward preventing the rearmament of Japan.

Both patience and foresight will be needed by the Chinese to resolve the problems which will arise in the reintegration of Formosa into the econ-

omy of China. The island has thus far been a relatively productive area, and the standard of living among the Formosan Chinese has been somewhat higher than that of the people in the coastal areas of China adjacent to Formosa, who have been exposed for some years to the destructive effects of Japanese occupation. The people of Formosa have suffered less from currency inflation than either the Japanese people or the people of China. There should, however, be no doubt that the Chinese, with their rapidly growing sense of nationalism, with the increase in the spread of education, and with the progressively expanding economy which China can expect to enjoy in the future, should be capable of resolving these problems.

Protection of Bulgarian Political Leader

Statement by ACTING SECRETARY CREW

[Released to the press June 2]

At 4 o'clock in the morning of May 24 Mr. G. M. Dimitrov, until recently Secretary General of the Agrarian Party in Bulgaria, believing that his life was in immediate danger from irresponsible elements, sought refuge at the residence of the United States Representative at Sofia, Mr. Maynard B. Barnes. Mr. Dimitrov is a Bulgarian political leader representing a large democratic element, with a long and honorable record of loyalty to democratic principles and the Allied cause.

Mr. Barnes immediately placed the matter before the Bulgarian authorities, seeking to be relieved of Mr. Dimitrov's custody in circumstances which he could accept as providing adequate assurance that Mr. Dimitrov would be given effective protection from physical violence and that his legal rights would be fully safeguarded.

The matter has since been under constant discussion with the Bulgarian Prime Minister and the Minister for Foreign Affairs, who have not yet found a solution which would provide against Mr. Dimitrov's becoming a victim of the violence from which he seeks protection.

The Soviet and British Governments have been kept informed of these developments.

Renewal of Trade Agreements Act

Statement by ASSISTANT SECRETARY CLAYTON¹

[Released to the press May 30]

I will not take the committee's time to go over the same ground which was covered in my statement before the House Ways and Means Committee in hearings on the Doughton bill, a copy of which statement is now in the hands of each member of this committee.² I would like, however, to discuss briefly a few of the high points which emerged from the House hearings, and I will then endeavor to answer such questions as members of the committee may wish to ask.

The Trade Agreements Act is an essential part of the foreign economic policy of this Administration.

The Organization which is being set up in San Francisco to preserve the peace will fail of its purpose unless the nations of the world are as willing to cooperate in the economic field as they are in the political field.

Nations which act as enemies in the marketplace cannot long be friends at the council table.

This has been recognized in San Francisco by placing the Social and Economic Council on a par with the Assembly and the Security Council in the framework of the Organization.

The delegates at San Francisco and the peoples for whom they speak know that victory in this war will not bring enduring peace but only the opportunity to work for enduring peace. They know, as their predecessors of 25 years ago failed to realize, that the most elaborate arrangements for the maintenance of political and military peace will soon disintegrate if the world again engages in the type of economic warfare it waged between the two world wars.

The trade-agreements program, the Bretton Woods proposals, the effort to break up the development of the cartelization of international trade, the removal of government restrictions and government trading, both here and abroad, are all part of our plan to get international commerce back into the hands of private people as quickly as war conditions will permit.

There are only two roads open to us in shaping our economic policies in the post-war world.

We can follow the path of economic liberalism,

in keeping with our democratic principles and traditions, and without which no peace structure will long stand; or we can take the road to economic nationalism leading inevitably to regimentation, to state trading, to international irritations and retaliations, and, in the end, to the creation of an atmosphere in which the seeds of conflict are sown.

I do not believe it is an overstatement to say that most of the other nations of the world will take the same road we take; but they will only take the road to economic liberalism if we give prompt and vigorous leadership.

We have been so busy winning the war that we have had too little time to think about the grave economic problems with which the world will be faced in the post-war period.

But we all recognize that a gigantic job of reconstruction and development is to be done in the world at the end of this war.

The United States is the principal source of supply of the enormous volume of machinery, equipment, tools, and technical know-how which will be required to do this job.

Surely no one can deny that it is in our own enlightened self-interest to help the world get back on its feet.

We cannot long expect to have a high level of employment and prosperity in our country if a good portion of the rest of the world is still flat on its back because of the devastation of the war.

Moreover, as is well known, there has been an enormous expansion during the war in our productive facilities of the very kind of goods that the rest of the world must have for reconstruction. So great has been this expansion that it is impossible for the home market to absorb our entire production. Hence, if these plants are to continue to operate and furnish jobs we must find markets abroad for their surplus production.

To sum up:

We have the goods for sale and the world desperately needs these goods in enormous quantities;

¹ Made before the Senate Finance Committee on May 30, 1945.

² BULLETIN of Apr. 22, 1945, p. 752.

the problem is to find the dollars with which to make payment.

Under these circumstances, does anyone doubt that some way will be found to bring buyer and seller together?

In the final analysis, our customers must pay in their own goods and services, but this will not be possible for several years for the obvious reason that they will first have to restore and develop their own productive facilities before they can produce a surplus over and beyond their own requirements.

Hence, it will be necessary to grant credits through the facilities of the International Bank for Reconstruction and Development, if its establishment is approved by the Congress, and through the Export-Import Bank if the Congress provides it with additional lending facilities, and through other sources, private and governmental.

In all probability our investments abroad, governmental and private, will total some billions of dollars in the first few years after the war, assuming always that we are successful in building a world organization for the preservation of peace which will give reasonable hope to expect that the peace of the world will not again be broken, at least for many years to come.

Now, for the debtor countries to pay the interest and dividends on such investments and continue to buy our goods, it is absolutely essential that trade discriminations be eliminated and that excessive barriers to the international movement of goods, such as tariffs, quotas, et cetera, be substantially lowered.

This the trade-agreements program is doing and should continue to do.

Nobody wants to repeat the course we followed after the first World War. We had somewhat the same problem then that we have now. The way we met that problem was to provide lavishly the necessary credits which foreign countries required for buying our goods, but we accompanied that with three separate advances in the tariff which made it impossible for our foreign debtors to make payment in dollars. They received goods, not dollars, but we asked them to repay in dollars, which they could not do.

The trouble was that our change from a debtor to a great creditor nation was so sudden that we continued to act like a debtor.

Everybody remembers the consequences of that policy. We not only lost our money but we created

much international ill-will as well; and when we suddenly stopped lending, our exports dried up. These actions of ours played an important part in deepening and widening the depression which followed.

The Trade Agreements Act authorizes the President to make agreements with other countries whereby we trade concessions in our import duties on goods we buy from them for reductions in their import duties and other restrictions on goods they buy from us.

This is merely the application of the principle of good business and of good hard common sense to the job of tariff adjustment.

No one familiar with the exorbitant rates in the Smoot-Hawley bill, many of them running over 100 percent, can deny that tariff adjustment, selectively and carefully made, is called for.

At the time the Trade Agreements Act went into effect, 11 years ago, the average rate of duty on our dutiable imports under the Smoot-Hawley bill was about 50 percent.

Under the careful, selective process of tariff adjustment under the Hull trade-agreements program, this average rate of duty has been brought down to about 35 percent.

In the meantime corresponding concessions have been obtained in the import duties of other countries, international trade has been materially expanded, and no American industry can show that it has been seriously injured in the process.

A rumor has freely circulated that certain American industries have been singled out as inefficient industries and, if the additional authority provided for in the bill is granted, the State Department will use such authority to "trade off" these inefficient industries for other industries which can compete in the world market.

Nothing could be farther from the truth than this.

The State Department has never construed the Trade Agreements Act as a license to remake the industrial or agricultural pattern of America. The record of 11 years of administration of the act should prove that.

If, however, there is any doubt in anyone's mind regarding the use of the act to seriously injure American industry, this doubt should be completely dispelled by the letter of May 25th from President Truman to the Honorable Sam Rayburn. This short letter reads as follows:

MY DEAR MR. SPEAKER:

Supplementing our conversation yesterday, I wish to repeat that I regard the pending measure for the renewal and strengthening of the Trade Agreements Act as of the first order of importance for the success of my Administration.

I assume there is no doubt that the act will be renewed. The real question is whether the renewal is to be in such form as to make the act effective. For that purpose the enlargement of authority provided by section 2 of the pending bill is essential.

I have had drawn to my attention statements to the effect that this increased authority might be used in such a way as to endanger or "trade out" segments of American industry, American agriculture, or American labor. No such action was taken under President Roosevelt and Cordell Hull, and no such action will take place under my presidency.

Sincerely yours,
HARRY S. TRUMAN

Although the Trade Agreements Act has been in effect for 11 years, there are still hundreds of imported commodities on which the rates of duty are unduly restrictive—many rates are in excess of 50 percent, and in this group are many commodities with rates of duty running over 75 percent, and even in excess of 100 percent.

It is essential that the additional authority asked for in section 2 be granted because the full reduction permitted under the original act has already been made in respect of certain commodities supplied by our principal foreign customers. In respect of the United Kingdom and Canada, our two best customers, we have already made reductions under the program on about 90 percent of our total dutiable imports from these countries. In respect of the other western European countries and the principal Latin American countries we have also used up the major part of our bargaining power.

Now, it is highly desirable, with the resumption of peacetime trade following the end of the war, that new trade agreements be negotiated with these countries. Good business considerations dictate this. The pattern of post-war trade will differ in many important respects from the trade of the pre-war period. For this reason, and also because it is so much in our interest to bring about a further lowering of foreign trade barriers against our exports, we should negotiate new trade agree-

ments with these countries. But we cannot accomplish this purpose unless we have something with which to negotiate. Section 2 gives us the additional bargaining power which we require.

Let me make it perfectly clear however that section 2 does not give us authority to reduce rates by 75 percent from the original Smoot-Hawley rates as so many people seem to think.

Section 2 of the bill gives us authority to make agreements involving reduction in our rates up to 50 percent of the tariff rates in effect on January 1, 1945.

It should be pointed out that in respect of 37 percent of our dutiable imports by value, no reduction whatever has been made so far in import duties under the Reciprocal Trade Agreements Act.

Hence, as to these imports, amounting to 37 percent of the total, the present bill gives no additional authority whatsoever.

In respect of another 21 percent of dutiable imports by value, reductions in duty have been made in varying percentages under 50 percent. Therefore, some additional authority is provided in the pending bill in respect of these imports.

As regards the remaining 42 percent of our dutiable imports by value, agreements have been entered into providing for the full 50-percent reduction in duties authorized under the original act. If Congress should grant the authority provided for in section 2 of the pending bill, the President would then have authority to reduce the duties on the commodities constituting this 42 percent of our imports by another 50 percent.

May I point out, however, that this bill is merely an enabling act and that it will be as carefully and deliberately administered in the future as it has been in the past. It has taken 11 years under the old law to make the full authorized reductions on 42 percent of our dutiable imports. All reductions have been very carefully and selectively made and have been hedged about, when needed, with all kinds of special safeguards. The House Ways and Means Committee describes the process very well in the following excerpt from their report on the bill:

"One of the most striking features of the trade-agreements program, as is apparent from any fair analysis of the agreements is the extreme care which the President and the trade-agreements organization have taken in protecting the interests of American producers. In cases where it ap-

appears that some concession is desirable but that an unrestricted concession might cause damage, the concessions actually made have been definitely limited. Pursuant to the wise authority conferred by the original act not only to proclaim changes in duties but also impose 'additional import restrictions,' concessions have been circumscribed, wherever necessary, by reclassifications, changes in form of duties, tariff quotas, and absolute quotas. It is the intent of the law and also that of the committee, that these same protective measures shall be used in connection with future agreements whenever circumstances require them."

Other witnesses will testify in detail regarding the procedure followed in the administration of the act, but I would like to point out here that so much care and deliberation are used in the entire process that the shortest length of time in which an agreement has been negotiated is five months and that the average period of negotiation has been in excess of one year.

In conclusion, may I say I am certain that the committee knows that there is throughout the world a great shortage of goods of all kinds.

For most goods it will take several years to overcome this shortage.

Meantime, in the United States, due to a great increase in productive facilities, to important technologic progress, and to the enormous savings which have been accumulated during the war, we are almost certain to enjoy for the first few post-war years a great expansion in our peacetime economy as compared with the pre-war period.

Many economists expect, as soon as reconversion has been completed, that we shall approach a total national production of goods and services of 150 to 160 billions of dollars as compared with 100 billions in 1939.

Meantime, most of the rest of the world will be busily engaged with problems of reconstruction and development and restocking of goods so that they will not possess surpluses in any considerable volume out of which to export to the United States or any other country.

Germany and Japan, both powerful competitors in the pre-war period, will undoubtedly be industrially impotent for many years following the end of this war.

On the whole, therefore, the grave fears expressed by some segments of American industry

regarding the passage of this bill appear to be wholly unjustified.

On the contrary, there is very good reason to fear the consequences if this bill should fail to pass.

If we fail to adopt the tariff policy which this bill embodies, we cannot expect to receive the returns that will be due us on the large foreign loans which we shall inevitably make during the reconstruction period.

We must decide now whether we are to repeat the dangerous mistakes of the 1920's. We learned then what we should have known before, that foreign loans in the long run can be repaid only in goods and services. Where there is no disposition to accept additional quantities of goods and services, efforts to obtain repayment of foreign loans are bound to fail, and to generate international friction and hostility in the process.

Rather than give money away under the misapprehension that we are lending it, I should prefer that we give it away in the knowledge that we are giving it away. But a third alternative, which I prefer to either of these, is to lend it and get it back.

An effective trade-agreements program, which this bill would authorize, would enable us to create the conditions in which repayment could be made. By a careful and selective process of scaling down our tariff barriers, we may expect to receive in return for our loans not notices of default but useful goods and services as well as important concessions for our exports.

The usefulness of this bill, however, in facilitating the repayment of our foreign loans, is overshadowed by the profound impact which it would have on the structure of the world's economic system.

In the critical years immediately ahead of us, this bill is an instrument we need to resist the growth and spread of economic nationalism, and to reinforce economic liberalism and free enterprise.

Strong currents of nationalism have always been among the aftermaths of great wars. This war is no exception. Powerful impulses toward economic nationalism are already apparent in other countries. I am convinced that these forces can be curbed, and that the world can be made to move in the direction of the liberal free-enterprise sys-

(Continued on page 1038)

Annual Report of Alien Property Custodian

LETTER OF TRANSMITTAL FROM THE ALIEN PROPERTY CUSTODIAN TO THE PRESIDENT

PRESIDENT HARRY S. TRUMAN,
The White House, Washington, D. C.

MY DEAR MR. PRESIDENT:

I have the honor at this time to present to you the second annual report of the Office of Alien Property Custodian. The report covers activities to June 30, 1944.

The Office of Alien Property Custodian has had as its principal task the control of those types of enemy property which require active management in the interests of the war effort. Broadly, the enemy property under my control falls into four general categories: business enterprises; industrial property, that is, patents, trade-marks and copyrights; real and personal property; and property under judicial administration. Wherever it has been deemed necessary in the national interest, the Office has also been concerned with property interests of residents of countries which have been occupied by the enemy, particularly industrial property and a limited number of business enterprises.

The net value of the Government's equity in formerly enemy-owned property vested by this Office has been estimated at \$212,400,000 as of June 30, 1944. This estimate excludes approximately 46,000 patents, patent applications, unpatented inventions, and patent contracts; over 200,000 copyrights; and more than 400 trade-marks. These industrial properties have not been given any dollar valuation.

Action taken by this Office gives it direct or indirect control over assets valued at \$443,800,000. Vesting action accounts for control over \$327,200,000 representing the estimated total value of properties located in the United States and in friendly territories, consisting largely of assets belonging to business enterprises in which this Office has obtained either complete or partial ownership. About \$31,600,000 represents property supervised by the Office without any ownership interest; the

remaining \$85,000,000 represents those assets of vested business enterprises which are located in enemy and enemy-occupied countries.

As additional property of the above-mentioned types owned by nationals of enemy countries is discovered, it is being vested. In the process of uncovering enemy ownership and control this Office has investigated more than 2,000 business enterprises. The prevalence of cloaking has made it necessary to investigate, in addition to business enterprises admittedly owned by enemies, enterprises which are nominally owned by nationals of neutral countries.

Interests in 387 business enterprises have been vested as of June 30, 1944. Of these firms 128 are being operated as going concerns. The primary objectives of this Office, once it has freed the enterprises from enemy control, are to assure their maximum contribution to the war effort and to sell them to Americans for operation as useful parts of the American economy. As of June 30, 1944, vested interests in 11 business enterprises have been sold. Two hundred and fifty-nine enterprises are being liquidated so that their assets and labor supply can be made available to other producers. These enterprises in liquidation were engaged in banking, insurance, wholesale and retail trade, etc. Some of them had been already in liquidation at the time of vesting; the others were either unprofitable or considered to serve no useful function in the war economy.

One measure that has been accomplished with vested enterprises is the contribution which they have been making to the war effort. Many of the vested manufacturing companies are contributing directly to military production. In 1943 their sales of war material alone exceeded their total volume of sales of civilian and military goods during the preceding year. A few of their products include aviation magnetos, potash, armor plate, potassium persulfate, pharmaceuticals, surgical instruments, coal tar dyes and photographic supplies.

The Office has been selling vested real and personal property as expeditiously as possible. Careful attention has been devoted to working out satisfactory sales procedures, and much real and personal property has been sold on a competitive basis at prices which have compared favorably with the appraised values of the property.

Approximately \$34,000,000 of vested assets represents property under judicial administration. By virtue of the authority delegated in Executive Order No. 9193, this Office receives service of process or notice on behalf of persons in enemy and enemy-occupied territory, and represents such persons in judicial and administrative proceedings. As of June 30, 1944, there have been 3,311 cases in which this Office has designated attorneys, almost all of whom were members of its legal staff. This service, rendered at a minimum cost, has benefited the courts, the fiduciaries, and many other Americans and friendly foreigners.

As indicated earlier, patents are not being sold. Patents vested from nationals of enemy countries which had not already been exclusively licensed at the time of vesting have been made freely available to all Americans under a policy of royalty-free nonexclusive licensing.

As of June 30, 1944, the Office has issued licenses covering 5,853 different patents and patent applications, and two or more licenses have been issued under 1,161 of these patents. Through a widespread publicity program thousands of patents have been brought to the attention of potential users. The patents held by this Office cover a wide range of fields but are most heavily concentrated in the fields of chemistry, electrical equipment, plastics, and pharmaceuticals.

The policy of licensing patents nonexclusively and royalty-free originally applied to all vested patents. Such a policy eliminated the need for arbitrary rate fixing, and was considered the most effective method of maximizing the use of the patents.

Since the nationals of allied and neutral countries have continued to collect royalties on their American patents, it was recognized that the nationals of enemy-occupied countries whose patents were vested should not be deprived of returns on their patents used during the war period. The burden of negotiating royalty contracts under these patents happens to be relatively light

LETTER OF TRANSMITTAL TO THE
CONGRESS FROM THE PRESIDENT

THE WHITE HOUSE,
May 21, 1945.

TO THE CONGRESS OF THE UNITED STATES:

I transmit herewith, for the information of the Congress, the annual report of the Alien Property Custodian on proceedings had under the Trading With the Enemy Act, as amended, for the period beginning June 30, 1943, and ending June 30, 1944.

HARRY S. TRUMAN.

because of the small number of applications for licenses under patents formerly owned by nationals of enemy-occupied countries.

There were in force at the outbreak of war many contracts between American firms and nationals of foreign countries providing for such matters as the licensing or assignment to Americans of patents taken out in this country by foreigners. It is our policy to vest the rights of nationals of enemy countries under such contracts, even in situations in which the patents themselves are not vestible.

As of June 30, 1944, this Office held 877 foreign interests in 624 patent contracts. Some of the contracts in which interests were vested were agreements fixing selling prices or restricting production, use, sale, or market areas, thus serving as the foundation of international cartels. In cooperation with the Department of Justice we are trying to remove the restrictions wherever it can be done without invading the rights of persons who have acquired legitimate interests in the patents. The plan of operation now in effect emphasizes the desirability of voluntary negotiation with the American parties to the patent contracts.

In copyrights, as in patents, this Office has vested the interests of nationals of both enemy and enemy-occupied countries. Unlike patents, copyrights are vested on a selective basis. A determination to vest is made if the material is of importance to the war effort, if a failure to vest would lead to unlicensed exploitation or deterioration of a work owned by a friendly alien, or if

pre-war contracts provide for the payment of royalties.

The most important objective of the copyright program is to make foreign scientific literature freely available to American scientists and technicians engaged in war work. Scientific books are licensed on a nonexclusive basis and licenses are royalty-free until all costs of reproduction have been covered. After that time royalties, computed at standard rates, accrue to this Office. As of June 30, 1944, 117 books have been published and an additional 286 books have been licensed for republication. Seven hundred other scientific books, many of them recent works, have been brought to the attention of American publishers of technical works for purposes of possible republication. The Office of Alien Property Custodian has also licensed for reproduction 1,592 works other than books, including musical compositions and miscellaneous items. Eight million feet of motion picture film, representing 1,500 titles, formerly owned by nationals of enemy or enemy-occupied countries, have been vested. A considerable portion of the film has been used by the Army, Navy, Office of Strategic Services, and, to a lesser degree, by other agencies.

Trade-marks, like copyrights, have been vested on a selective basis. Where trade-marks have been legitimately used by vested business enterprises, it is the policy of this Office to sell such marks to the users before the firms are sold. Likewise, vested trade-marks related to nonvested enterprises will be sold to those enterprises which had been using them. Trade-marks used by former enemy owners as descriptive designations for patented products, the patents for which have been vested, will be made available to American licensees under these vested patents. Trade-marks used only on goods manufactured abroad and sold here or trade-marks owned of record in the United States but never used on goods made or sold here are not being transferred to new owners.

In the course of carrying out its functions this Office has received over 2,000 claims of persons asserting a right to relief from or against the Alien Property Custodian. In order to handle these claims a Vested Property Claims Committee, di-

vorced from all other activities of the agency, was set up on July 22, 1943.

In addition to the administration of property interests acquired as a result of the present war, the Office has been responsible for certain alien property matters remaining from the First World War.

Under Executive Order No. 9325, the necessary administrative expenses of the Office of Alien Property Custodian have been periodically reviewed and approved by the Bureau of the Budget, and have been financed out of the enemy properties held by the Office.

The Office of Alien Property Custodian intends in this report, as in all its documents and actions, to keep you and the Congress fully informed of its activities. In addition this report presents detailed discussions of the various problems which have confronted the Office, the solutions reached, and the reasons for them.

By request of the Inter-Agency Publications Committee of the Office of War Information, approved by the Joint Committee on Printing of the Congress, the list of the persons employed by this Office and the salary paid to each is not printed in this report. This information is being transmitted separately to you and the Congress in mimeographed form and copies are open to inspection by the public. All appointments by the Office, seizures of property, sales of such property, and our activities as owners or supervisors of vested property are always matters of public record.

Respectfully,

JAMES E. MARKHAM,
Alien Property Custodian.

Military-Mission Agreement

El Salvador

By an exchange of notes signed at Washington May 18 and 19, 1945 the Governments of the United States and El Salvador agreed to extend for one year the agreement, which was signed at San Salvador May 21, 1943,¹ for the assignment of an officer of the United States Army to serve as Director of the Military School and of the Military Academy of El Salvador. The 1943 agreement replaced an agreement on the same subject signed at San Salvador March 27, 1941,² which was extended by an exchange of notes signed October 14 and November 24, 1942³ and by an exchange of notes signed March 25, 1943.⁴

¹ Executive Agreement Series 328.

² Executive Agreement Series 214.

³ Executive Agreement Series 281.

⁴ BULLETIN of Apr. 24, 1943, p. 354.

Limitation of the Production of Opium

EXCHANGE OF NOTES BETWEEN THE GOVERNMENTS OF THE UNITED STATES AND CHINA

The American Embassy at Chungking sent the following note, dated September 14, 1944, to the Ministry of Foreign Affairs of the Chinese Government:

"The American Embassy presents its compliments to the Ministry of Foreign Affairs and, under instruction, has the honor to transmit, for the information of the Chinese Government, a copy of Public Law 400, Seventy-eighth Congress of the United States of America, approved July 1, 1944, in regard to the limitation of the production of opium to medicinal and scientific requirements, and to communicate to the Chinese Government the comments, information and suggestions set forth below:

"The American Government is, of course, aware that the cultivation of the opium poppy is prohibited in China and has noted with gratification the various measures set forth in an aide-memoire from the Chinese Embassy dated July 15, 1944, being taken by the Chinese Government to this end.

"The American Government desires, however, at this time to draw the attention of the Chinese Government to the world narcotics situation and to express the hope that the Chinese Government will continue to cooperate with the other nations of the world in the solution of the opium problem.

"As the Chinese Government already knows, the Governments of the United Kingdom and the Netherlands, after pursuing for many years a policy of gradual suppression of the use of smoking opium, announced on November 10, 1943, their decisions to prohibit the use of smoking opium in their Far Eastern territories when those territories are freed from Japanese occupation and not to reestablish their opium monopolies.

"Following the surrender of Japan, the American Government, in cooperation with other interested governments, will do everything possible to prevent Japan and the Japanese from spreading the use of narcotics for the satisfaction of addiction.

"After the war, as a result of the decisions of the British and Netherlands Governments and the

uncompromising attitude of the Chinese and United States Governments, there will be no legitimate market for smoking opium in a vast Far Eastern area. Consequently, in future, exports of opium will have to be limited to the demands of the world market for opium for medical and scientific requirements.

"The American Government concurs in the opinion of the British Government, as stated in its announcement of November 10, 1943, in regard to the prohibition of smoking opium in the Far East that "The success of the enforcement of prohibition will depend on the steps taken to limit and control the production of opium in other countries." In this connection the total requirements of the world for raw opium for the years 1933 to 1938, as computed from League of Nations documents O. C. 1781 (1), August 27, 1940 and O. C. 1758, April 15, 1939, are reproduced below:

	<i>For manufactured narcotic drugs</i>	<i>For prepared opium</i>	<i>Total kilograms</i>
1933	227, 494	297, 325	524, 819
1934	245, 201	348, 503	593, 704
1935	255, 808	326, 047	581, 855
1936	323, 114	345, 949	668, 063
1937	343, 841	390, 148	733, 989
1938	312, 832	374, 248	687, 080

"During the period immediately after the war, it is estimated that the world market for opium for medical purposes will require about 400,000 kilograms of opium, whereas world production of raw opium for the year 1944 has been estimated by experts of the American Government, in the absence of exact figures, as amounting to about 2,400,000 kilograms. There is also production in Central Europe of morphine direct from poppy straw totaling about 8,500 kilograms.

"The American Government believes that it is necessary to limit and control the cultivation of the opium poppy in order to suppress drug addiction and the illicit traffic, and is prepared to cooperate with all nations in efforts to solve the problem. It hopes that China and all opium-producing countries will be willing to participate

in a conference which is expected to be held after the war for the purpose of drafting a suitable poppy limitation convention, preparations for which were undertaken several years ago by the Opium Advisory Committee.

"In the hope of expediting and promoting agreement, the American Government suggests that the proposed convention should contain provisions:

[Here follow the 18 provisions as printed in the BULLETIN of December 10, 1944, page 726.]

"For the information of the Chinese Government, the American Government is suggesting to each opium-producing country with which it has friendly relations that it would be helpful, pending the entering into effect of an international poppy limitation convention, if it would give consideration to the advisability of announcing at the earliest possible moment that it will prohibit the production and export of opium for other than strictly medicinal and scientific purposes, and that it will take effective measures to prevent illicit production of opium in its territories and illicit traffic in opium from its territories.

"The American Government believes that the adoption of such a policy by each of those countries would go far to ensure the success of the prohibition of the use of prepared opium in the Far East and to safeguard all countries against the possibility of an era of increased drug addiction similar to that which followed the first World War.

"It may also be pointed out that if most of the opium-producing countries were to make sacrifices for the common good by limiting production to an authorized proportion of the total quantity of opium required by the world for medical and scientific purposes, and one country were to continue to produce a large quantity of opium annually for its own non-medical use, such a reservoir would inevitably be drawn upon by illicit traffickers for their supplies.

"It would be appreciated if the Chinese Government would communicate to the American Government its observations in regard to the provisions which the American Government has suggested be incorporated in the proposed poppy limitation convention.

Enclosure:

Public Law 400, 78th Congress.

"CHUNGKING, September 14, 1944."

Translation of a note dated January 19, 1945 from the Ministry of Foreign Affairs of the Chinese Government, replying to the note of the American Embassy, follows:

"The Ministry of Foreign Affairs presents its compliments to the American Embassy and has the honor to acknowledge the receipt of the Embassy's third person note of September 14, 1944, enclosing a copy of Public Law 400, approved by the 78th Congress, in regard to the limitation of the production of opium. The Embassy also communicated to the Chinese Government certain comments, pertinent information and suggestions by the American Government concerning the suppression of opium and requested the observations of the Chinese Government in regard to the provisions suggested by the American Government to be included in an international poppy limitation convention.

"As the Chinese Government has consistently followed the policy of rigid suppression of narcotics, the Chinese Government therefore approves in principle the proposals of the American Government.

"MINISTRY OF FOREIGN AFFAIRS
OF THE REPUBLIC OF CHINA"

THE FOREIGN SERVICE

Mission at Copenhagen

The American Mission at Copenhagen, Denmark, was established on May 9, 1945.

Consulate General at Genoa

The American Consulate General at Genoa, Italy, was reestablished May 15, 1945.

Consulate at Milan

The American Consulate at Milan, Italy, was reestablished on May 1, 1945.

Concerning the Sinking of the "Awa Maru"

EXCHANGE OF COMMUNICATIONS BETWEEN THE GOVERNMENTS OF JAPAN AND THE UNITED STATES

[Released to the press May 29]

Reference is made to the Department's press release in regard to the sinking by submarine action of the Japanese vessel *Awa Maru*.¹ The *Awa Maru* had been granted Allied safe-conduct by reason of the fact that it had carried as part of its cargo relief supplies intended for Allied nationals in Japanese custody.

The following communication dated April 26 at Tokyo, protesting the sinking of this ship, has been received by the Department of State through the Swiss Government:

"One. Japanese Government have received communication of United States Government concerning sinking of *Awa Maru* transmitted by note verbale of Swiss Legation Tokyo 17th April, stating information has been that about midnight, April first east longitude date a ship was sunk by submarine action at a position approximately forty miles from the estimated scheduled position of *Awa Maru*. No lights or special illumination were visible at any time. The ship sunk almost immediately. One survivor stated that the ship was the *Awa Maru*.

"Two. Prompted by traditional humanitarian principles Japanese Government complied with repeated earnest requests of United States Government for assistance in transporting relief supplies to United States and Allied prisoners of war and internees in Japanese hands. During November 1944 Japanese Government took delivery of 2,000 odd tons of relief supplies which had been sent from United States to Soviet territory in East Asia to forward same to Japan proper, Manchukuo, China, and southern areas. United States Government guaranteed to Japanese Government by the communication transmitted by note verbale of Swiss Legation in Tokyo on 12th September, 1944 that Allied governments were prepared to accord safe conduct to Japanese ships to be employed in transport of goods between ports under Japanese administration and Soviet port of transshipment, Nakhodka. As notified by note verbale

addressed to Swiss Legation, Tokyo on 21st November, 1944 Japanese Government, finding it impossible to dispatch ships for the particular purpose of transporting the relief supplies to China and southern areas, decided to make use of the spaces of ships actually plying in these areas employing one ship for carrying them to Shanghai and Tsingtao and another to southern areas. The Japanese Government understood from above-mentioned communication from United States Government that these ships would equally, with the ship to be engaged in the transport between Nakhodka and Japan, be guaranteed not to be subjected to attack, visit or any interference whatever by United States and Allied forces either on their outward or homeward voyages and in reply to Japanese Government's request for confirmation of this understanding, United States Government through note verbale of Swiss Legation, Tokyo 13th December, 1944 solemnly promised that the two ships selected to transport relief supplies will not be subjected to attack, visit or any interference by United States and Allied forces either on outward or homeward voyages connected with transportation these supplies. Again by their note verbale 30th January last, addressed to Swiss Legation, Tokyo, Japanese Government notified United States Government that in accordance with understanding reached between Japanese and United States Government to utilize for transport or relief supplies a ship plying between Japan and southern areas, Japanese Government had decided to utilize *Awa Maru* for same purpose and requested United States Government to reconfirm that same ship would not be subjected to attack, visit or any interference whatever by United States and Allied forces either on outward or homeward voyage. United States Government through note verbale of Swiss Legation, Tokyo 13th February, fully confirmed above-mentioned guarantee. *Awa Maru* sailed from Mozi 17th February and after carrying relief supplies to southern areas started on homeward voyage.² Since the night of first April, however, she was not heard of and all efforts for her search proved futile. Japanese

¹ Published in the BULLETIN of Apr. 15, 1945, p. 692.

² BULLETIN of Feb. 11, 1945, p. 188.

Government inquired of United States Government 10th April. Japanese Government received United States Government's communication referred to in paragraph one above. It has now become evident that *Awa Maru* sunk by a United States submarine in straits of Taiwan at midnight on 1st April and that 1,000 and several hundreds of her passengers and the cargoes shared her fate.

"Three. As stated above United States Government have thrice guaranteed absolute safety of voyage of *Awa Maru*. Japanese Government notified United States Government of her routes and schedule and these were duly noted by United States Government. She following same routes according to same schedule, wore the marks which had been notified to and duly noted by United States Government and the marks were illuminated and navigation lights were lighted at night. That ship was at scheduled position at time of sinking is clear also from a communication received from her on 1st April immediately before she was sunk. Therefore, it cannot but be concluded that she was deliberately and wilfully attacked and sunk by United States submarine, responsibility for disaster, therefore, unmistakably lies with United States Government.

"Four. In spite of United States Government's malicious propaganda distorting fact of the fair treatment accorded by Japanese Government to prisoners of war and civilian internees, the Japanese Government have unflinchingly continued their efforts for humanitarian treatment of prisoners of war and internees in their hands. The *Awa Maru* was selected to be employed in such humanitarian service in order to cope with United States Government's ardent desire and in the face of considerable difficulties. The United States force in violation of United States Government's solemn promise to give her safe conduct, intercepted her on her return voyage and deliberately attacked and sunk her. This is the most outrageous act of treachery unparalleled in the world history of war. United States Government are to be deemed to have abandoned their former desire relating to the treatment of United States prisoners of war and civilian internees in Japanese hands. Japanese Government most emphatically demand that United States Government bear the whole responsibility for this disgraceful act committed in violation of the fundamental principles of humanity and international law. Japanese Government as well as Jap-

anese people, are most profoundly indignant at occurrence of this extremely outrageous incident. They will watch United States Government's attitude concerning this matter with most serious concern. They do hereby file the strongest protest with United States Government and declare that they reserve all rights for taking any such measures as may be proved necessary to cope with such perfidious act on the part of United States Government."

The United States Government sent the following reply, dated May 18, to the Swiss Government for transmission to Tokyo, and it is presumed that the Japanese Government has now received this reply:

"The Japanese Government's protest concerning the *Awa Maru* incident has been received by the Government of the United States.

"As noted in previous communications concerning this incident, all the facts and circumstances have not as yet been determined. An investigation is now in progress to assemble all relevant information and the commander of the American submarine has been ordered tried by a general court martial to determine the question of primary responsibility for the disaster. In these circumstances, therefore, the Government of the United States cannot accept, prior to a judicial determination of the question of responsibility, the charge of the Japanese Government that responsibility for the disaster unmistakably lies with the Government of the United States.

"The Government of the United States categorically denies the Japanese Government's charge that the ship was deliberately and willfully attacked and sunk. It is not the practice of the Government of the United States willfully and deliberately to violate arrangements entered into with a foreign state. The Japanese Government may be assured that the Government of the United States likewise views this incident with the most serious concern and is proceeding expeditiously and objectively to ascertain the facts and to determine the question of responsibility. The Government of the United States will take such equitable measures either immediately or in the future as the dictates of justice may indicate as the result of the investigation and court martial.

"While some question may exist as to the propriety of the utilization of this ship as a means of evacuating from zones of danger large numbers

of Japanese nationals, including Government officials, the Government of the United States sincerely regrets that in these circumstances there was such a heavy loss of life, and sympathizes with the families of those who perished in this disaster. The heavy death toll resulted in part from the refusal of survivors to accept life lines thrown to them from the submarine, which remained on the scene making every effort to rescue survivors.

"There is no valid connection between this disaster and the matter of treatment to be accorded prisoners of war and civilian internees in Japanese custody. The Government of the United States intends to continue to accord to Japanese nationals in its custody the same high standard of care and treatment as heretofore and expects that there will be no intentional deterioration in the treatment of Allied nationals in Japanese custody. The Japanese Government is hereby put on notice that any retaliatory acts against Allied nationals in Japanese custody will be a matter of the gravest concern to this Government and any persons issuing or executing orders in this connection will be severely dealt with at the appropriate time.

"All the information concerning this disaster which is presently available to the American authorities at Washington has already been forwarded to the Government of Switzerland for transmittal to the Japanese Government. Additional information will be forwarded as it becomes available."

Repatriation of Italian, Greek, and American Nationals

[Released to the press May 30]

The Department of State announced that the M.S. *Gripsholm* would depart on May 31 from New York for Naples, Piraeus, and Port Said. Eastbound from the United States the vessel will carry some 250 individuals traveling in the national interest in addition to approximately 700 Italian and Greek nationals who are returning or who are being sent back to their native lands.

Returning from the Mediterranean, the *Gripsholm* is expected to bring to the United States American citizens and their close relatives who have been stranded abroad during the period of European hostilities. It is anticipated that the *Gripsholm* will make further trips to the Mediter-

anean and later to northern Europe so that every American citizen who wishes to return to this country may have the opportunity before the end of the year.

The American Red Cross representative aboard the *Gripsholm* will be Mrs. Virginia H. Roades, 2120 Sixteenth Street, NW., Washington, D.C. She will be joined at Naples by Miss Martha V. Ellesor of 3133 Connecticut Avenue, NW., Washington, who has been attached to the American Red Cross Civilian War Relief staff in western Europe. Available for distribution to American repatriates on the return trip will be 4,400 garments, 2,230 comfort articles, and 229 children's recreation articles provided by the Red Cross. The Red Cross representatives also will be responsible for obtaining advance information from the repatriates concerning financial or other assistance needed so that upon arrival in the United States prompt action can be taken by the public and private agencies concerned.

Publication by the Pan American Union

The Director General of the Pan American Union has submitted his report on the Inter-American Conference on Problems of War and Peace to the Governing Board of the Pan American Union. The Director General, L. S. Rowe, reviews the representation at the conference and the program, regulations, organization, and plenary sessions of the conference. The work of the committees appointed are discussed according to the following topics: Further Measures to Intensify Cooperation in the War Effort, World Organization, Inter-American System, Postwar Economic and Social Problems, Economic Problems of the War and Transition Period, Drafting and Coordination. The appendices to the report contain the Text of the Conclusions Approved by the Conference, Delegations to the Conference, and Regulations of the Conference. The complete title of this publication is "Inter-American Conference on Problems of War and Peace, Mexico City, February 21-March 8, 1945, Report Submitted to the Governing Board of the Pan American Union by the Director General"; Congress and Conference Series 47 and it may be obtained from the Pan American Union, Washington, D. C. [iv, 115 pp. Indexed. Price 50 cents.]

Ceremony in Honor of the Regent of Iraq¹

Address by WILLIAM PHILLIPS²

[Released to the press June 2]

YOUR ROYAL HIGHNESS, EXCELLENCIES, LADIES AND GENTLEMEN: I am happy to be present at this dinner, given by this group of American citizens of Arab origin, in honor of His Royal Highness the Regent and Heir Apparent of Iraq. It is appropriate that the first Arab sovereign to come to the United States as the guest of our Government should be the chief of the first Arab state to join the United Nations and to become our Ally in the present war.

I am sorry that I am not able to talk to you about my own experiences in Iraq or to give you impressions derived from travel in that country. Unfortunately, my acquaintanceship with Iraq is limited to a trip which I took by plane several years ago from Cairo to Basra on the way to India. On that wonderful flight down the Euphrates I asked the pilot to descend as low as possible so that I could have a look at the remains of Babylon. I sat beside him while we descended and circled these historic spots. Our inspection was limited to only a few moments. Nevertheless the sight of those remnants of a long-dead civilization gave me an idea of the antiquity which enshrouds the lands between the Tigris and the Euphrates.

In Basra, where I spent the night, I was deeply impressed by the activities of the port, where a vast number of great ships were unloading war supplies for transportation to the eastern European front. The vitality and energy which I found in Basra, the friendly attitude of its inhabitants, and the beauty and splendor of the great date gardens which line the banks of the Shat-al-Arab from Basra all the way to the Persian Gulf stimulated my interest in Iraq, and I left the country with regret that I was not able to become more intimately acquainted with it and with the life of the Iraqi people.

The group acting as our host this evening represents a community which is a great asset to the United States. Its members in times of peace and war have fulfilled in abundant measure their responsibilities to the country of their adoption. Coming from many sections of the Near East and possessing varying national and religious backgrounds, the Americans of Arab origin have won the respect of their fellow citizens by the manner in which they have proved their ability to assimilate themselves quickly in the political, economic, and cultural life of the country. Arabs coming to the United States with customs and characteristics inherited from their own ancient and highly developed civilization are contributing much to the richness and variety of American culture.

We value highly the friendship and cooperation of the people of the Near East. We are convinced that a greater knowledge of each other and of each other's problems will not only benefit them and ourselves but will also be in the interest of world security and prosperity. We therefore place great importance upon the strengthening of our cultural relations with the Near Eastern people and upon the improvement of our facilities to communicate with them.

The work in the Near East of such educational institutions as the American University at Beirut and Robert College at Istanbul, established and maintained by or with the aid of American citizens or private American organizations, as well as that of numerous American physicians, teachers, and scientists, has already served to promote our cultural ties with the Near Eastern peoples. Similarly the presence in the United States of teachers and students from the Near East has brought us culturally nearer to one another. We welcome these teachers and students and hope that after the war our universities and schools will be able to accommodate many more of them.

The American Government is actively endeavoring at present to render it easier for the peoples of the Near East and ourselves to communicate and to exchange visits with one another. We have already made arrangements with several countries of the Near East which provide for the establish-

¹ Held by the Institute for Arab American Affairs, Inc., in New York, N. Y., on June 2, 1945.

² Mr. Phillips, formerly American Ambassador to Italy and more recently Political Adviser to General Eisenhower, is a Special Assistant to the Secretary of State.

ment of direct radiotelegraphic communications between them and ourselves. We hope eventually to be able to establish direct radiotelegraph connections with each country in the Near East. If this hope is realized we shall have a speedier, more economical, and more reliable means of communicating with each other than we have enjoyed up to this time.

Our plans call for the establishment of great airlines which will be able to carry passengers, mail, and freight between the United States and all the countries of the Near East. During the war period we have been able to go by plane from New York to Baghdad in a few days. If certain proposals which we have made to various Governments of the Near East lead to agreements, it will be possible in the near future for civilians to travel comfortably and economically between the United States and the more important cities of the Arab world in less than 48 hours.

We know by experience that the best kind of international relations are a two-way traffic and not a one-way traffic and that closer contacts between the people of the Arab world and the people of this country will redound to the mutual advantage of all.

We are also interested in the expansion of economic relations between the United States and the Near East, not merely because of mutual economic advantages to be derived therefrom but because of our conviction that economic intercourse promotes international understanding and international understanding facilitates the task of preserving world peace. In the past the toil and skill of the people of the Near East have supplied the United States with dates and other fruits, carpet wool, hides and skins, rugs, silks, works of art, and many other things. We, on our part, have been supplying our friends in that area with a wide variety of products. Unfortunately, during recent years strains brought about by the war have placed restrictions upon the development of our economic

relations. But in spite of shortages of supply and of overcrowded transport facilities, the United States and Great Britain during the war period are endeavoring to furnish the Near East with the most essential commodities.

Visit of the Regent of Iraq

His Royal Highness Prince Abdul Ilah, Regent of Iraq, arrived in Washington on May 28, 1945; he was entertained at the White House that evening at dinner and by the Acting Secretary of State at dinner on May 29. His Royal Highness visited places of interest in and around Washington before leaving for New York on June 1. Prince Abdul Ilah and his party will visit in the United States before leaving for Canada on June 27.

The determination of the Arab people to reestablish their independence, and to play a role in world affairs to which they feel themselves entitled by reason of their brilliant past and their talents and industry, undoubtedly was one of the factors which motivated them during the first World War to fight for their freedom. Unquestionably the same determination contributed to their decision re-

cently to form the League of Arab States. We welcome the development of Arab cooperation and are confident that the strengthening of the ties between the various Arab countries will not only be to their common benefit but will also enable them to make important and constructive contributions to the great tasks awaiting the United Nations.

The American Government and people are deeply distressed that, at the very time when the United Nations are endeavoring in San Francisco to perfect an international security organization which will guarantee future world peace, differences between members of the United Nations should have led to fighting in the Levant.

The United States could not ignore these recent events in Syria and Lebanon. The American Government endeavored through a number of channels to prevent the situation there from degenerating into armed conflict. When, in spite of our efforts, fighting broke out we began at once to work for the restoration of order and an atmosphere in which differences could be eliminated in a peaceful and friendly manner. We have been in constant touch with all parties involved and sincerely hope that the British troops already on the spot will be able, with the cooperation of both sides, to prevent further bloodshed.

Although events such as those which have been taking place in Syria and Lebanon are discouraging, we must not permit ourselves to be pessimistic with regard to the future. It may require a little time for all of us again to accustom ourselves to the ways of peace. If we are to meet with success in our efforts to establish a peaceful community of nations, it will be necessary for all of us to have patience with each other, to exercise restraint in settling our differences, and to endeavor to understand the points of view of other peoples. These are important responsibilities which the United Nations in their efforts to establish a new and better world must fulfill.

UNRRA Sanitary Conventions of 1944

[Released to the press May 31]

The Department of State announced that the International Sanitary Convention, 1944, relating to maritime travel, and the International Sanitary Convention for Aerial Navigation, 1944, which were opened for signature at Washington on December 15, 1944 and signed on behalf of the United States on January 5, 1945, were ratified and proclaimed by the President on May 29, 1945.

The conventions were closed for signature on January 15, 1945 but remain open for accession by any government not a signatory.¹ Article XXI of the International Sanitary Convention, 1944, and article XVIII of the International Sanitary Convention for Aerial Navigation, 1944, read: "The present Convention shall come into force as soon as it has been signed or acceded to on behalf of ten or more governments." In accordance with this provision, each of the two conventions came into force on January 15, 1945, in respect of the following countries on behalf of which the conventions had been signed without any reservation with respect to ratification: France, Poland, the United Kingdom of Great Britain and Northern Ireland, China, the Union of South Africa, Nicaragua, Luxembourg, Ecuador, Greece, Honduras, and Haiti.

Accessions to the two conventions have been made by Australia (with reservations), by the Netherlands, and by New Zealand (with a reservation to the International Sanitary Convention for Aerial Navigation, 1944) and became effective with

respect to those three countries on March 26, 1945, May 22, 1945, and May 22, 1945, respectively, in accordance with article XXIII of the International Sanitary Convention, 1944, and article XX of the International Sanitary Convention for Aerial Navigation, 1944.

The Government of the United States is designated in each of the conventions as the depositary government. With the deposit of the United States instrument of ratification in its archives on May 29, 1945, the United States became the fifteenth government with respect to which the two conventions have come into effect.

CLAYTON—Continued from page 1027

tem in which we believe and upon which our whole economic structure rests.

But this will only be possible if we provide the leadership, vigorously and promptly.

This bill is one of the decisive tests of our willingness to take that leadership.

There are some who suggest that we should not act decisively now. We should wait, they say, until we can tell exactly what is going to happen abroad, and meanwhile, they urge, it is enough simply to renew the old law for a year or two, as a token of our intention to do some serious thinking about this matter later on.

Such a policy of marking time by the United States is the surest means of entrenching the institutions of economic nationalism in other countries.

The rest of the world cannot afford the luxury of marking time. For them the time for decisions is now.

The action which we take on this bill will be a crucial factor in determining how those decisions are made. If we choose the policies which will encourage and strengthen economic liberalism and free enterprise in the markets of the world, most countries will go along with us.

If we choose other policies, we must expect these countries to decide in favor of state trading, new and higher trade barriers, new discriminations, and the cartelization of their industries.

I believe that our country and the world can prosper in an environment of free enterprise and economic liberalism; but we cannot prosper unless we are prepared to give practical effect to the principles we hold. Favorable action on the bill before your committee is, I believe, one of the steps which is necessary to make our system work.

¹ BULLETIN of Jan. 21, 1945, p. 109, and Jan. 7, 1945, p. 10.

PUBLICATIONS

DEPARTMENT OF STATE

Trans-Isthmian Highway: Agreement Between the United States of America and Panama Supplementing the Convention of March 2, 1936—Effectuated by exchange of notes signed at Washington August 31 and September 6, 1940. Executive Agreement Series 448. Publication 2332. 9 pp. 5¢.

FOREIGN COMMERCE WEEKLY

The article listed below will be found in the June 2 issue of the Department of Commerce publication entitled *Foreign Commerce Weekly*, copies of which may be obtained from the Superintendent of Documents, Government Printing Office, for 10 cents each:

"Canada's Wool Output Hits New Peak in 1944", by Clifford C. Taylor, agricultural attaché, American Embassy, Ottawa.

THE CONGRESS

Proposed Provision Affecting an Existing Appropriation for the War Refugee Board. Communication from the President of the United States transmitting proposed provision affecting an existing appropriation for the fiscal year 1945 for the War Refugee Board. H.R. Doc. 205, 79th Cong. 2 pp.

Exportation of Certain Commodities. S. Rept. 313, 79th Cong., to accompany S. 935, 79th Cong. 3 pp. [Favorable report.]

Annual Report of Alien Property Custodian for Period Beginning June 30, 1943. Message from the President of the United States transmitting the Annual Report of the Alien Property Custodian, for the period beginning June 30, 1943. H. Doc. 184, 79th Cong. x1, 257 pp.

Participation of the United States in the International Monetary Fund and the International Bank for Reconstruction and Development. Report from the Committee on Banking and Currency, to accompany H.R. 3314, a bill to provide for the participation of the United States in the International Monetary Fund and the International Bank for Reconstruction and Development. H. Rept. 629, 79th Cong. iv, 124 pp.

ADVERTISEMENT

Official Daily Service:



- The *Federal Register* presents the only official publication of the text of Federal regulations and notices restricting or expanding commercial operations.
- All Federal agencies are required by law to submit their documents of general applicability and legal effect to the *Federal Register* for daily publication.

{ A sample copy and additional information on request to the Federal Register,
National Archives, Washington 25, D. C. }

\$15 a year • \$1.50 a month

Order from

SUPERINTENDENT OF DOCUMENTS, U. S. GOVERNMENT PRINTING OFFICE, WASHINGTON 25, D. C.